

LOMBARD

Savings trends: the unsolved riddle

BY ANTHONY HARRIS

ONE OF THE many pits which Mr. Dennis Healey fell into after he arrived at the Treasury was a series of over-optimistic official growth forecasts, as you may remember. The errors were mainly due to one cause, a failure to take account of the financial straits of companies and for private citizens, caused by inflation. Trying to repair the damage suffered by their balance sheets and their savings portfolios, both groups cut their spending. Companies slashed their investments and ran down stocks, consumers saved an unprecedented slice of their incomes.

Mini-budgets

The outcome was a whole series of disasters of the kind which Whitehall has recently been keen to hear of a huge unforeseen rise in the borrowing requirement, partly because revenue was disappointing, and a whole series of mini-budgets and the result is that some of the important factors which were overlooked in 1974 are now central in the Treasury's economic thinking. Not for very many years will a Treasury official venture a forecast without paying close attention to the finance which industry will require for stock appreciation, or what has been happening to the real value of the liquid assets held by private savers.

This new thinking has certainly produced better forecasts, but they only provide a partial answer, and events in the next few months could produce a second rethink — though less painful, one hopes, than the last.

The reason is that there are now two new factors in the equation which have had to be assessed. The first is the quite unprecedented squeeze on real incomes which is going on at the moment, and the second is the recovery in the financial markets, and the consequent fall in interest rates. We have never before had a 5 per cent. cut in real incomes in a matter of months, we have never before had interest rates quite so far below the expected rate of inflation yet apparently reasonably stable, and it is a long time since we have seen such large portfolio profits in the middle of a slump — let alone a slump which shows every sign of going on.

So far as companies are concerned, we luckily have regular surveys which have shown quite a good predictive value; and the last CBI survey shows that companies are reacting to a easier financial climate by planning bigger investment, though the exact size of the rise

is still problematical, and the Treasury's own last published forecast for the year still looks quite implausibly high. So far as consumers are concerned, though, the enigma is almost completely solved. Savings have been falling quite steeply from the peak they reached in 1975; but in recent months, at any rate, the fall has almost certainly been involuntary. The rising cost of everything simply leaves no money to keep up planned savings.

This painful adjustment, according to virtually all the pundits, will be over by the end of this summer, and real incomes should then begin a slow recovery; and the great question is how much of any increase will be spent. At one extreme, it is possible to return to the historic level of less than 10 per cent. of income, the rise in consumer spending could comfortably outpace the growth of incomes. On the other hand an attempt to return to rebalanced portfolios would maintain the retail slump for a long time to come.

The two difficulties here are to know how much people would wish to save at the moment if their incomes had not been so cruelly squeezed — the 'baseline', as it were — and secondly, to know how much this trend will be held by encouraging book profits on portfolio investment, which may well reduce the need to save, and also by discouraging interest rates.

Old-fashioned

The models used in Whitehall put most of their stress on the relation of liquid assets to income, the ratio first brought to public attention by Mr. John Forth, of Morgan Grenfell, and pay virtually no attention to what happens in the securities market — the 'wealth effect' of economists — or to the very old-fashioned idea that people's spending decisions are influenced by interest rates.

This leads to a fairly gloomy view of consumer spending even on optimistic assumptions about inflation. On the other hand one cannot help noticing that in the U.S. consumer spending has on the whole been the most reliable performer in the economic circuit; perhaps the desire to buy goods before the price rises has become stronger than the desire to rebuild savings. This would suggest a rather more bullish picture for our own economy, at any rate in the short run; but one question remains.

If people do start spending more freely, does it mean higher confidence, or just a cynical bit of eat, drink and be merry?

RACING

Lucent should fight off Irish challenge

BY DOMINIC WIGAN

CAPTAIN Ryan Price has always expected Lucant's daughter, Lucent, to be his Oaks filly and he is sure to be encouraged in this belief if Mr. John Baillie's Irish Ball filly can land to-day's Oaks trial stakes at Lingfield. Lucent, who first stamped herself as a possible classic contender when putting eight lengths between herself and runner-up Never Say Guy in the valuable Guy and Don Stakes at Doncaster in November, confirmed that notable promise on her reappearance at Epsom a fortnight ago.

There the Finton filly fought on patient gamely close home to get the better of her market rival, Fawn, to whom she was conceding a stone, in the one mile and 110 yards April Handicap.

This afternoon's 11-mile Irish Oaks trial stakes at Lingfield should bring out the best in Lucent whom I expect to see comfortably dealing with the Irish challenger, Jermaic.

Thirty-five minutes before the Oaks trial stakes at Lingfield, Captain Ryan Price is responsible for the top weight Hyver Hill in the Johnnie Walker Stakes.

A close fourth of seven behind La Ville de Reire at Doncaster in March, Hyver Hill justified heavy backing in the Brighton Borough Stakes last time out with a clear-cut success over Murrumbidgee and Private Lane.

Sure to be well suited by to-day's six furlongs on testing ground, Hyver Hill a strong shot of Portobello, could well achieve the double. Two others who seem certain to make their presence felt are the Lester Biggin-ridden Royal Diver and

LONGLEIGH
1.45 - Our Asmr
2.00 - Alm
2.30 - Sallinsky
3.00 - Captains Mate
3.30 - Lucent
4.05 - Hardipardo
4.35 - Atlantic Bridge

Captains Mate, the mount of Geoff Lewis, the odds on favourite, the odds on winner of three juvenile events last term, ran well for a long way in the Totepole handicap before chasing home Mar Greig and Self Portrait in the Ely Handicap, which Captain Mate also pleased on his seasonal reappearance, finishing fourth to No Cards in the Crawford Handicap at Craven meeting.

In a vain promise to be a close-fought race, the favourite Captain Mate to Hyver Hill and Royal Diver, from whom he respectively receives 10 lb and 9 lb.

Just over an hour after parting company with a record crowd of 10,000, a second attempt was made at Lingfield in the two-mile Ginevra Stakes. Although this powerfully made Handicap.



Geoff Lewis who rides Captain's Mate, Dominick Wigan's map.

son of Connaught seems certain to be well supported following his fine second placed effort in the newmarket Ladhake Racing Handicap, in which he was down by the minimum distance to the lightly weighted Cavaliers Blush, I believe it will pay backers to row in with Hardipardo.

The four-year-old, the mount of Paul Cook, recently finished second behind Yule Jug in Epsom's Great Metropolitan Handicap.

SALEROOM

BY ANTONY THORNCROFT

Claret fetches record prices

AUCTIONS of Islamic works of art this week in London have not been as consistently successful as in past years. In particular, Qajar paintings are less popular. But Christie's managed to close a sale yesterday, raising £168,097 for manuscripts and miniatures and £182,420 for rugs and carpets.

More than 90 per cent. of the miniatures sold. Top price was the £55,000, somewhat below forecast, for a 18th-century Persian manuscript by Sa'di of the Kulliyat. It was bought by Colnaghi. A Qajar painting of Sheikh Sanan receiving wine from a Christian maiden was bought by Aaron, a Tehran dealer, for £10,000, the same sum secured a Qajar painting of an Indian prince receiving instructions from a slave.

A late 16th-century Isfahan miniature of a court scene went to Colnaghi for £8,000, a 16th-century Persian manuscript of the Bustan by Sa'di realised £7,500.

Among the carpets, Massoudi, a London dealer, paid £11,500 for an antique Kirman lavers rug, brought in £1,080,355. On Wednesday, objets de vertu brought Kaashan silk prayer rug A in £17,720 with a top price for an English turban of £11,700 from a gold box by Johann Christian Neuber.

Another gold box, also from the mid-18th-century, went for £10,000, small button box for £6,363, and an ornate watch on a chain for £3,294. Miniatures added a further £93,943 with a miniature of the Archduchess Marie of Austria by Heinrich Marie selling for £7,647 and a plaque with seven miniatures of the Russian Royal Family, produced in 1788 by Henri Volle, fetching £93,943.

A portrait of George Washington, attributed G. Stuart, went for £10,000 yesterday at Bonhams to Weitzner. It was the top price in an auction of Continental paintings which totalled £104,760. Other notable prices were the £5,000 for a nautical scene by John Cleverly senior, and £4,900 for a pair of rural scenes by William Shayer senior.

Sotheby's is holding a series of auctions this week at the Sporting Club, Monte Carlo, and the first three sessions have

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John 1:15

Stresses and strains by NIGEL ANDREWS

Telephone Book
Essential Cinema
Burr Offerings (AA)
National Film Theatre

between the AIP and all sections of the film industry, whose purpose would be to channel more investment into low-budget filmmaking. Thus, suggests the AIP, and only thus, would the British cinema begin to free itself from the "hydra-headed tyranny of American influence, of union-dictated over-managing (which sends film-making costs soaring), and of the continuing scandal of its "duped" distribution system—the two-company stranglehold exercised by Rank and EMI.

at last, sixteen months after the publication of the Minister's Working Party report on the Future of the Film Industry, we have a long-awaited Interim Action Committee: the body that will underwrite the all-out Report's proposals should be accepted and, if accepted, in at ways they might be implemented.

Is there any sphere of activity in Britain in which the wheels of bureaucracy turn more slowly than in the film industry? The sure of the British cinema has been nibbled away by just two years of inaction on the Prime Minister's Working Party. How long will it be before the Interim Action Committee begins an Action Committee proper? And how long after that before the Action Committee proper begins what it might delicately call some "ion"?

While officialdom continues its ill-kick progress, let us give and of applause to the Association of Independent Producers, body I have noted approvingly in these columns before and which has lately come up with a proposal that seems to be brighter and more original in any contained in that much-faded, long-gestating Working Party Report. The AIP's plans respecting the British cinema are its "dramas" were announced at the association's general meeting last week, and they deserve to be looked at closely by all British producers and distributors, and anyone else seriously interested in the British film industry's survival and in that elusive chimera of a national cinema.



Bette Davis and Lee Montgomery in 'Burnt Offerings'

The AIP plan is to "cordoned off" one area of film production with a view to attracting new investment and to stimulate a new area of production that might be the bread and butter of the industry. The plan is to produce a series of films in which (a) the total budget did not exceed £300,000, (b) 95 per cent of the labour costs were paid to EEC subjects, (c) no individual involved in the film received a salary greater than £5,000, (d) technicians and actors agreed to invest their overtime and/or holiday credits

in the production, and (e) the unions did not stipulate minimum levels—there will be no minimum crew.

In a union-dominated film industry like ours, item (e) might well prove to be a stumbling block, and items (b), (c) and (d) would all have a rough passage through the pre-production negotiations on any feature film. But this is nonetheless a scheme worth a great deal of encouragement. There has for too long in Britain been a yawning gulf between the big-budget, would-be British cinema to be threatened with destruction by the juggernaut of industry officialdom is Derek Hill, founder-director of the Essential Cinema in Warwick Street. For reasons too Byzantine to explain in close detail, Hill's new cinema is threatened with extinction thanks to a financing embargo by the major distributors who, under the united banner of the Kinematograph Renters Society, have announced their refusal to release their films to him.

Her quest introduces her to such contemporary Knights of the Road as a pornographic filmmaker and a fantasy-hungry psycho-analyst; and the fictional story itself is punctuated with mock-serious, mock-real, interviews with assorted obscene phone callers. Finally she meets her hero, and the film ends the only way it properly—or improperly—could, in a transport of sexual ecstasy in adjacent telephone boxes.

The film is six years old and has hitherto been kept off our screens for censorship reasons. Like most work produced under the aegis of Warnal, it rejoices in a deadpan scattiness that is at best very funny. Studded with comic cutaways like the male flasher who runs in terror when his female victim "flashes" back or the obscene phone-caller who fastidiously administers a throat spray before going to work, the film wanders its light-headed, solemnly inconsequential way through the perfume gardens of 1970's sexual deviancy, and only in the animated sequence used to embellish the climactic love scene—complete with gaping thighs, ripe bosoms and slavering, anthropomorphic tongues—does the film strata after its comic-erotic effects and briefly lose its touch.

Burnt Offerings, by contrast, strains itself silly from the word go. Oliver Reed and Karen Black are the unsuspecting couple, with child and mother-in-law. In tow, win rent a Colonial car and a family car for the holidays and find that it comes complete with a family curse. Supernatural disasters



Roger Sloman in The Birmingham Repertory Theatre's 'Measure for Measure', which opened last night at the Lyttelton Theatre

Lyric

The Kingfisher by JEREMY KINGSTON

The power-house fire that blacked out large areas of the West End on Wednesday effected only one and of Shakespeare Avenue, but that end contained the theatre where this week's William Douglas Home play was due to open. The gathering audience squeezed in from the teeming rain into the dim foyer; the management promised to begin the play as soon as they were able to, but eventually it was nine o'clock before the curtain rose.

It rose upon a country garden scene where a spreading beech tree shadows Sir Cecil's tea table spread with cake and scones. The tree has also shadowed his life for on a rug beneath that fifty years ago, he missed his chance with a young girl who went off to wed another. Now the rival has died, dropped dead on a golf course, the widow has been invited to call in after the funeral, a rug is waiting: will the past repeat itself? or can the wound of fifty years be healed and the stricken knight live again?

BBC launches 'Young Musician of the Year' contest

The play is one of Mr. Home's gentler comedies; the sorrowful love-life of the landed gentry—repelled by them with strangely total recall, even down to such details as the tennis scores of that fateful evening, the bird's nests watched, the breakfasts subsequently consumed. The passions of the three characters (knight, lady and loving servant) have become habits. Creatures of routine, they have settled into a pattern of loving. The elderly servant (Alan Webby) wishes to continue serving the master he has loved for 49 years. "The barometer seems set fair," he remarks in a voice of deepest gloom when the septuagenarian courtship is going well.

Saint Joan by ANTHONY CURTIS

It is Joan's most implacable enemy the Earl of Warwick who is the source of her delight in the new book, with illuminated margins cunningly hand-drawn in the Prospect Theatre Company's production of Saint Joan, directed by John Dove with which they begin their season at the Old Vic resembles a solemn imitations into which medievalists have been headlong. Against a dark interior of candle and herald the various personages of the drama are brilliantly depicted in their military or clerical habit. The huge ruby in the ring of the Archbishop of Reims transfixes our gaze as it is that of the maid when she is to her knees to kiss his hand.



Maine Giegold and Desmond Kelly in Sadler's Wells Royal Ballet's 'Geminis'—one of the triple bill at the Coliseum last night

All this is nicely traditional and utterly appropriate for this work. Its arguments remain just powerful behind a processium which as they do on a more odish thrust stage. Indeed the fly scenes positively require visual frameworks for the tracks which they present and the wind changed direction did the fluttering flag on the nk of the Loire.

This same spirit of verisimilitude governed the performances: the problem is more difficult. A 20th-century rationalist's view of a 15th-century religious fanatic the Life Force disguised as divine ecstasy; an sb intellectual playwright try to get inside the mind of a much peasant or even more, sees are heard only by her, in what kind of a voice shall she herself speak?

BBC Symphony by RONALD CRICHTON

Charles Mackerras is so busy in opera houses here and abroad that we don't often have the chance to hear him conducting a straight programme of symphonic music—one more reason for welcoming his appointment as one of the BBC Symphony Orchestra's chief guest conductors. He made his bow in that capacity on Wednesday in the Festival Hall with a programme of Mozart and Mahler—as an acknowledgment perhaps of the conductor's main occupation, one of the items was an aria written by Mozart for an opera, not one of his own.

Wagner Night by ELIZABETH FORBES

Concerts devoted entirely to edging chunks of Wagner are longer much in fashion; but the pieces are carved with a geon's scalpel and not hacked by a butcher's chopper, there is no reason why such a programme should not be perfectly satisfactory. On Wednesday at the Albert Hall the main item in the Philharmonia's concert was final scene of the Ring, starting at the point where Siegfried, in his encounter with the under, plunges into the fire. Brunnhilde's rock, and clinging to the end of the long acts. As a result her performance was even more cel than usual, starting at the end of the previous two and a long acts. As a result her performance was even more cel than usual, starting at the end of the previous two and a long acts. As a result her performance was even more cel than usual, starting at the end of the previous two and a long acts.

Guys 'n' Dolls

This year a record number of tourists is expected to visit London, which means that a record number of entertainment starved foreigners will be roaming the West End looking for a reasonably priced, respectable, night spot, only to be disappointed. There really is very little available, apart from The Talk of the Town, which accounts for the fact that it was bursting at the seams this week.

Lalandi/Kuijken by NICHOLAS KENYON

Ever since the first English Bach Festival fourteen years ago, Lina Lalandi has included a concert in which she herself performs during the Festival she directs. She has been harpsichordist, organist, and sometimes singer: on Wednesday she played the instrument heard in that first Festival in Oxford, the clavicordo, and gave her favourite E minor Suite by Bach a further hearing.

She also played C. P. E. Bach's clevichord at the end of the concert; one hopes that does not imply she intends to relinquish the instrument. For the clavicordo is little better understood and appreciated (even if it is slightly more often heard) than it was fourteen years ago, and Miss Lalandi's musicianship and varied, sensitive touch is a powerful advocate for its special qualities. Quite apart from the fact that she plays with natural skill, her performances show that she is that most rare person: a festival director of real musical knowledge and practical accomplishment. O s i s o m m e s . . .

Zukerman's Mozart

This week and next, in four concerts at the Elizabeth Hall, the English Chamber Orchestra is playing a cycle of all Mozart's works for violin and orchestra with Pinchas Zukerman as conductor and soloist.

The name of the mezzo-soprano announced on Tuesday's page as but gradually unfolds into florid writing worthy of Constanze in a relaxed moment. It was elegantly graced: the experience made one want to hear Mr. Mackerras do the *Giardiniera*, preferably with Miss Armstrong in the cast.

for Siegfried.

ANTHONY THORNCROFT

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EUROPEAN NEWS

Swiss concern over Liechtenstein role in Chiasso affair

BY JOHN WICKS

Zurich, May 5.

THE SWISS National Bank is in contact with the Swiss Government in connection with the role played by Liechtenstein in the recent losses of the Chiasso branch of Credit Suisse and other affairs. This was stated by the bank's president, Dr. Fritz Leutwiler, at a news conference in Zurich today.

The National Bank, said Dr. Leutwiler, feels that the Swiss Government should make some very plain remarks "to the principle in the matter. It would not do, he added, that companies could operate in Liechtenstein as a currency and customs union with Switzerland—to bring about affairs of this kind.

Questions for Commission on lost uranium

By Guy de Jonquieres

BRUSSELS, May 5.

THE EEC commission is to be questioned in the European Parliament next week about the unexplained disappearance on the high seas of a cargo of 200 tonnes of uranium on its way from Hamburg to Genoa.

Though the loss occurred almost nine years ago, it was revealed only last week and has focused added attention on the growing debate about nuclear safety. An oral question about it has been tabled by Mr. Tom Norrington, a British Conservative member, and a request for a detailed written reply is also expected from Herr Ludwig Felxmaier, a German Social Democrat.

So far, the Commission has failed to present a coherent account of the incident and its immediate aftermath, into which it conducted an investigation in conjunction with Belgian, German and Italian authorities some months after the loss occurred in November 1968.

Some officials in Brussels and Washington believe that the uranium, which was in oxide form, found its way to Israel, though Israeli authorities deny any knowledge of the affair.

The chief Commission spokesman said today that the investigation conducted in accordance with Euratom procedures, was inconclusive. He was unable to explain satisfactorily why the investigation was only launched in April 1969, four months after the uranium disappeared or why it had been wound up after only three months.

Spanish Ford plant shut

BY ROGER MATTHEWS

MADRID, May 5.

THE FORD factory near Valencia, Europe's most modern car plant, which is capable of producing 280,000 units a year, remained at a standstill today after management had closed the plant "to avoid further violent incidents." This is the second outbreak of serious labour trouble since the factory was officially opened by King Juan Carlos last autumn.

The dispute started yesterday morning over the disciplining of two workers. A lengthy meeting was held by the day shift, with militants trying to persuade office staff to join in the stoppage. It was then that clashes between the workers and the Ford security staff began, leading to the decision to close the factory.

A Ford spokesman stressed that it was not a lock-out and that the responsibility for the situation rested entirely on the shoulders of the 9,600 men. Another potentially more damaging labour dispute is hanging over the horizon. Spain's air traffic controllers have issued a formal warning that their strike from May 20 unless the militants trying to persuade office staff to join in the stoppage.

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W. Germany: the leakiest sieve

BY JONATHAN CARR, BONN, MAY 5.

ALMOST THREE YEARS ago to the day, Herr Willy Brandt announced he was resigning following the discovery of an East German spy, Guenter Guillaume, in the Bonn Chancellery. Despite an energetic review of federal security, authorities today had announced the arrest of another Chancellery employee on suspicion of spying for East Germany.

The news will confirm the worst fears of several of Bonn's allies, in particular the U.S., that West Germany is the "leakiest sieve" of Western intelligence. There is something in the charge. But through Germany's post-war division into the Communist East and Democratic West, the Federal Republic is in a far more difficult position than any other Western nation for defending itself against the infiltration of spies.

The Interior Ministry said last year that East Germany remained by far the largest source of espionage in the Federal Republic—accounting for roughly three-quarters of the 33 people sentenced here for treason, and/or espionage, in 1975. 23 were involved with East German intelligence. The next highest number of those sentenced linked to any single country—a total of eight—were working for the Soviet Union.

One official guess—and obviously it is only that—puts the number of East German agents and informers here at about 4,000. The great majority of these are in no position to divulge State secrets but are "small fry," passing on tidbits of information—even hearsay—which might be of interest in East Berlin.

Many put down roots in the Federal Republic before the Berlin Wall was built in 1961. They were welcomed among the hundreds of thousands of refugees from the East and it was clearly impossible for West German authorities to keep a detailed check on everyone. Often those who came out left relatives behind, and thus became subject to blackmail.

Herr Guillaume was a fish of a quite different order. He came across from the East in 1956, patiently worked his way up in the Social Democratic Party (SPD) hierarchy for years until he finally had access to top secret documents in Herr Brandt's office, was sentenced in December, 1975, to 13 years jail and his wife, who helped him, was given eight years.

Intelligence. How is it that a country with one of the most efficiently-run economies in the world and with a "new model army" manages to make so many intelligence errors?

The answer goes back to Germany's pre-war history and post-war division. In theory it would be possible to have a centrally-organised intelligence service under the direction of one ministry, with more extensive powers than at present.

But memories of Nazi espionage cause West Germans to draw back from such a step—even when major spy cases emerge. The federal system means division of power—and that applies to police and intelligence work as well as politics. What may look like a weakness from outside is generally seen as an asset from within.

Inevitably, though, this means some inefficiency and rivalry. The Federal intelligence service—the Bundesnachrichtendienst—has its headquarters at Pullach, a village near Munich in highly conservative Bavaria. The BND has its origins in the organisation run (with the blessing of the CIA) in post-war Germany by General Gehlen, head of Hitler's eastern intelligence service. It was given a major reform by Cabinet decree in 1950, but members of the Social Democrat—Free Democrat alliance in Bonn have often expressed unease that the BND remains closer to the opposition than to the Government parties. The counter-intelligence service, the Bundesamt fuer Verfassungsschutz (Office for the Protection of the Constitution), BFV, has its headquarters in Cologne. It has had a chequered history from the start—when its first leader, Dr. Otto John, turned up in East Berlin, in the hands of the coalition for interrogated for months by the Russians and finally turned up in



Herr Willy Brandt

Group of 19 protest over N-S progress

BY ROBERT MAUTHNER

PARIS, May 5.

THE DEVELOPING countries participating in the North-South conference to-night sent an urgent signal to the Western heads of government due to meet in London at the weekend that they are thoroughly dissatisfied with the lack of progress made in the international economic co-operation talks here.

A statement issued by the so-called "Group of 19" said that the measures which had so far been proposed by the industrialised countries "fall far short of the magnitude of the problems confronting the developing countries."

More enduring and far-reaching solutions commensurate with those problems are required to ensure healthy and beneficial effects on the entire world economy," the statement said.

Particular disappointment was expressed that the encouraging statement made by the industrialised camp at the beginning of the current and final stage of the conference had not been reflected in the positions which they had adopted during the negotiations.

The Group of 19 insisted that a final agreement which, it is hoped, will be reached at a ministerial meeting on May 31 and June 1, must include an integrated programme for commodities, and the establishment of a common fund for the stabilisation of raw material prices. The 19 also called for "agreements, decisions, commitments and co-ordinations on the protection of their export earnings, measures to deal with their indebtedness, the transfer of resources and technology, access to the industrialised countries' markets, infrastructure, all energy and related international financial and monetary problems."

This list covers practically every issue that is being discussed in the four commissions set up by the conference.

The statement expressed particular concern at alleged attempts by the industrialised countries to redefine and restrict the role and scope of the conference, a clear reference to the view of the industrialised countries that, on certain issues, like the common fund, no more than a general statement of principle can be expected to come out of the conference. Concrete matters of substance were being negotiated in other forums like UNCTAD in Geneva.

The Group of 19's statement did not come as a surprise in other delegations. It was expected all along that the developing countries wanted to draw the attention of the participants in the London summit to their demands and Common Market representatives had emphasised that the tone of the declaration was relatively moderate.

They also pointed out that the atmosphere at the conference, since it resumed last week, had been constructive and that the developing countries appear to be favourably impressed by the more amenable line taken by the U.S. since President Carter's election and by the EEC's efforts to reach a compromise acceptable to the Group of 19.

Danish court fines print unions £1m

A Danish labour court has imposed record fines totalling Kr. 10m (£1m) on printers and their unions for a three-week unofficial strike which almost totally silenced the Danish Press last month. Reuters reports from Copenhagen.

The sentence was immediately denounced by printers throughout the country, but fears of a new strike appeared ungrounded, and newspapers were produced normally.

Norway proposes talks on oil safety

By William Dullforce

BERGEN May 5. THE NORWEGIAN Government today invited Energy and Environment Ministers from the North Sea countries to meet in Oslo on June 13-14 to discuss the lessons of the Ekofisk blow-out and consider closer co-operation in oil safety measures.

Meanwhile a counter-reaction is developing within the Norwegian trade unions and industry to demands from politicians and environmentalists that North Sea oil operations be slowed down after the blow-out.

Yesterday 800 workers at the Aker Company's shipyard in Bergen demanded that the Government demonstrate against any delay to development of the Hod and Valhalla fields. Last night, at a meeting of the iron and steel workers' junior executive members rejected the idea that the exploratory drillings in north Norwegian waters scheduled to start next year should be postponed.

Mr. Lars-Hagen Thulin, Under-Secretary in the Ministry of Industry, today sought to reassure the Verdal shipyard workers, whose jobs will not be affected by building the Hod Valhalla platform.

Development of these two small fields close to Ekofisk should not be influenced by the Bravo accident, Mr. Thulin said, but added that the final decision rested with Parliament.

In the political field, the blow-out has produced a party line-up which could have unexpected consequences for the General Election due in September. The ruling Labour government and the Conservative Party are both concerned to limit the effect of the blow-out on industry and employment.

The Conservatives' electoral allies, the Centre and Christian People's Party, together with the Left Socialists, want Norway to pause and re-evaluate its oil policy.

The Government withdrew its anti-pollution forces from the Ekofisk area earlier this week after it became apparent that the greater part of the oil slick produced by the blow-out had been broken up by natural forces. Marine biologists reported provisionally that only slight damage appeared to have been inflicted on fish stocks and marine life in the area.

Europe Court may decide fish policy

BY ROBIN REEVES

BRUSSELS, May 5.

THE FUTURE shape of the EEC's controversial common fisheries policy may now be decided by the European Court of Justice in Luxembourg, rather than by the Common Market Council of Ministers acting on proposals from the Brussels Commission.

This follows the decision earlier this week to refer the case of the Irish trawlers arrested for contravening the Irish Government's unilaterally imposed fisheries conservation controls to the Luxembourg court.

The Cork District Justice has already asked for the court's opinion. The Brussels Commission is expected to lodge the case before the Court next week, once preliminary procedures are completed—with a view to securing endorsement of its view that the Irish measures discriminate unfairly against other Common Market fishing fleets and are therefore against EEC rules.

The European Court may confine itself to giving a judgment on the specific action taken by the Irish legal authorities. But it is gradually dawning on officials both here and in national capitals that the court may seize the opportunity presented by the case to lay down the broad principles which should govern the revision of the common fisheries policy to take account of the New Year move to 200-mile fishing limits by the EEC member States.

And its judgment could include "the final word" on whether exclusive national fishing zones of up to 50 miles as part of a revised common fisheries policy—are compatible with the Treaty of Rome.

The key role the European Court of Justice can play in the development of Community policies through its interpretation of the Treaty is not widely appreciated, particularly the I.R.C. Its jurisdiction is more akin to that of the U.S. Supreme Court than to any British legal institution.

The Commission seems likely to ask the Court for a simple ruling on whether the Irish Government's unilateral ban barring all vessels of 110 feet or over from fishing in waters lying up to 50-100 miles off the Irish coast is discriminatory. The Commission believes it is, because the Irish fleet has only one or two boats of this size and is therefore barely affected. But it is being pointed out that the Hague Agreement among EEC Foreign Ministers last October sanctioned national fish conservation measures providing they were non-discriminatory as between EEC fleets.

The weakness of the Commission argument against the Irish measure is that any fishing restriction is liable to be discriminatory in its application, because of the varying composition of national fleets of EEC member countries.

Belgian F-16 deal

Defence Minister Paul Van den Boeynants yesterday signed the final contract committing Belgium to buy the U.S. F-16 fighter aircraft. Reuters reports from Brussels. His signature sealed the \$2.2bn "arms deal of the century."

Three other European countries—Netherlands, Denmark and Norway—have already signed final agreements. They are buying 348 F-16s to replace their aging F-104 Starfighters.

New Soviet-Japan talks

BY DAVID SATTER

MOSCOW, May 5.

JAPANESE FISHERIES Minister Zenko Suzuki today presented a Japanese proposal for breaking the deadlock in the Soviet-Japanese fish talks which have made no progress because of disagreement over four Soviet-held islands claimed by Japan.

Mr. Suzuki met Soviet Fisheries Minister Alexander Likhov as the two sides opened the third round of ministerial talks aimed at reaching agreement on Japanese fishing rights within the 200-mile fishing zone declared by the Soviet Union last December.

The dispute has already made thousands of Japanese fishing vessels in northern ports and threatened to cause severe strain in Soviet-Japanese relations as the Russians press Japan to make an agreement which effectively recognises Soviet sovereignty over four southern islands in the Kurile chain which once belonged to Japan.

Mr. Suzuki declined to give the details of the new Japanese proposals but said Mr. Likhov had agreed to study them and meet him again on May 7.

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OBITUARY: DR. LUDWIG ERHARD

Economic miracle worker

BY MALCOLM RUTHERFORD

DR. LUDWIG ERHARD will be remembered more as the father of the West German economic miracle than as a Federal Chancellor. As Economics Minister from 1949 to 1963 he was outstandingly successful as Chancellor from 1963 to 1966 he was a comparative failure. His political life was marred by a prolonged conflict with Dr. Konrad Adenauer who argued that Dr. Erhard was not enough of a politician to be given the Chancellorship. However unpopular this judgment was at the time, subsequent events tended to prove Dr. Adenauer right.

Dr. Erhard was born in the Bavarian town of Fuerth in February 1897, the son of a local textile merchant. He was an early victim of infantile paralysis and was later severely wounded as a soldier in the First World War. These misfortunes contributed to his fat appearance which, coupled with his ever present cigar, made him seem typical of a certain kind of German.

After a brief spell running his father's business, he became research assistant at the Nuremberg Institute for Market Research in 1923—only to be barred from university work a few years later for his refusal to join the Nazi Association of University Teachers. His students remained loyal to him. The 1930s were a crucial period in the evolution of German economic thinking. The Freiburg school of economists led by Walter Eucken was working on ideas which subsequently developed into the concept of the "Social Market Economy"—the basis of post-war West German economic policy. Dr. Erhard was close to the school and in 1944 produced his blueprint for the recovery of the economy after the collapse of the Reich. The main point was the abolition of controls. He sent it by ordinary mail to his friend Karl Goerdeler, the Mayor of Leipzig, a key organiser of the July 20 plot against Hitler. Either the Nazi authorities never got hold of it or they failed to understand it, for although the Mayor was arrested, Erhard remained unscathed.



The Americans, entering Fuerth in 1945, gave him economic duties in the town and later made him chairman of the bi-national (British and American) Economic Council with special responsibility for currency reform. In 1948 he went above the heads of the allies, made a bonfire of controls and introduced currency reform on his own. It substituted the Deutsche mark for a Reichsmark at an effective ratio of 6.5:100 and was designed to eliminate surplus money from the system, thereby getting back to an effective price mechanism. After some early storms the economy began a recovery which came to be called a miracle.

The year 1949 saw the founding of the Federal Republic and Erhard's entry into politics. Dr. Adenauer summoned him to Bonn, inquired after his economic thinking and persuaded him to join the Christian Democrat Union (CDU). Erhard became Economics Minister in the first Adenauer government. It was to become an uneasy relationship. There is no evidence that Dr. Adenauer was a great supporter of Dr. Erhard's ideas about the free market economy and certainly he did not always help

to push them through. On the other hand, as prosperity returned Dr. Erhard became more and more popular in the country and an obvious successor to the ageing Chancellor. Dr. Adenauer continued to snub him for his alleged political inactivity and kept him to office until 1963 when the Christian Democrat Party forced the succession through. Dr. Erhard won the election of 1965, but soon ran into trouble—ironically over a threatened economic crisis, especially in the Ruhr. The next year the small Free Democrat Party walked out of the coalition to protest at proposals to raise taxation. The CDU parliamentarian party, which has never shown much sympathy for a loser, forced Dr. Erhard's resignation.

Though he remained in the Bundestag, politically that was the end of his career. The concept of the Social Market Economy, however, which he had done so much to put into practice, remained a gospel almost until his death, receiving lip service even when it was not practised. (It had been adopted even by the Social Democrats in 1958.) The term does not translate well, broadly it means capitalism with a human face. It favours maximum competition, but concedes that the state must intervene to create the necessary conditions. It relies heavily on monetary policy and perhaps needs a stable currency for its success. Dr. Erhard did as much as he was allowed to bring this about.

Friends and political foes paid tribute to Ludwig Erhard on his death yesterday. He will be buried with full state honours next Thursday in the village graveyard at Gmund in his native Bavaria. The body will lie in state in the Chancellery in Bonn next Tuesday. On Wednesday he will be honoured in a state commemorative ceremony in the Bundestag.

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AMERICAN NEWS

Nixon fails to allay criticism

WASHINGTON, May 5. PRESIDENT Richard Nixon hoped that his television interview with David Frost... would be the first step in his rehabilitation...

Saudi contribution to IMF facility will be less than \$4bn.

WASHINGTON, May 5. THE INITIAL Saudi contribution to the planned \$10 billion facility increasing the resources of the International Monetary Fund (IMF) will be more modest than had been hoped...

Imports take 20% of U.S. car sales

NEW YORK, May 5. IMPORTS took a record share of the U.S. car market in April, according to figures just released...

MEXICAN POLITICS

A patchwork consensus breaks up

FIVE MONTHS after he took office, the honeymoon period is over for President José López Portillo of Mexico. His hopes of sowing a new national consensus...



President José López Portillo

Carter backs amendments to anti-boycott legislation

WASHINGTON, May 5. PRESIDENT JIMMY CARTER has urged Congress to adopt amendments to the anti-boycott provisions of draft legislation...

OECD publications

- THE TREATMENT OF FAMILY UNITS IN OECD MEMBER COUNTRIES UNDER TAX AND TRANSFER SYSTEMS (April 1977)
THE ADJUSTMENT OF PERSONAL INCOME TAX SYSTEMS OR INFLATION (January 1976)
EVENUE STATISTICS OF OECD MEMBER COUNTRIES, 1965-1974

Hydro Quebec \$12m. river surveys

Hydro Quebec, the \$8bn, Quebec Government-owned power utility, is putting more resources into studies for the development of rivers running into Hudson Bay north of the existing \$10bn project in the La Grande river basin...

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More than 30 Automobile and Truck Manufacturers in Geneva from May 10-13, 1977. Site 77, the sales managements of the following manufacturers will have permanent offices...

Cyclamate decision Cyclamates do not cause cancer. Canadian health officials have concluded eight years after the artificial sweetener was banned as a cancer-causing agent...

Montonero link An Argentinean army communiqué yesterday that missing Spaniard David Graiver had been proved to have used \$12m. in kidnap ransoms and robbery loot to buy control of two New York banks during a three-year association with the left-wing Montoneros...

OVERSEAS NEWS

RHODESIA

Guerillas 'detain 80 rival leaders'

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

A STRUGGLE for power in the main guerrilla force fighting against white-ruled Rhodesia, during which more than 80 scolar guerrilla commanders may have been arrested, appears to have reinforced the control of a group owing its principal political allegiance to Mr. Robert Mugabe, joint leader of the Patriotic Front.

front line Presidents to unite the Rhodesian nationalists. They encouraged the formation of Zanu in 1975, particularly since its command body was composed of equal members of Zanu and Zapu's participation, however, was short-lived. Fighting broke out between Zanu and Zapu in mid-1975 and Zanu withdrew its leaders and men not only from Zanu but from Mozambique, where Zanu is almost exclusively based. (Zapu is now based in Zambia and reportedly has a much more disciplined smaller guerrilla force.)

WORLD TRADE NEWS

U.K. deficit on Soviet trade widens

BY DAVID WHITE

BRITISH exports to the Soviet Union fell slightly during the first quarter of 1977 by comparison with the same period last year while British imports, principally of raw materials, rose. Figures released by the British Embassy show that British exports to the Soviet Union totalled £53m. in the first quarter of 1977, a fall of 10 per cent on the £59m. of the first quarter of 1976 which was £55.8m.

Brazil talks on future of major iron ore project

BY DAVID WHITE

BRITISH STEEL and other European and Japanese steelmakers are to take part in talks this month on the future of Brazil's Sln. tonne Serra Dos Carjos iron ore project, the world's largest. U.S. Steel this week announced its decision to withdraw from the project, a move which has been criticised by other steelmakers.

RIO DE JANEIRO, May 4

Only Italy angry after EEC steel price move

BY OUR INDUSTRIAL AND FOREIGN STAFF

ITALIAN steelmakers provided the only angry reaction yesterday to the EEC announcement of compulsory minimum prices for reinforcing steel bars. Elsewhere, there was fairly unenthusiastic "wait-and-see" approach. The official Italian Communist party newspaper L'Unita, called the decision a "punitive" measure against the small and medium steel industries to the north Italian regions of Lombardy and Brescia.

Record £165m. trade surplus

BY TONY HAWKINS

OFFICIAL figures to be published tomorrow show a remarkable recovery in Rhodesia's balance of payments, which registered a surplus of some £40m., the largest since UDI in 1965, mainly because of a savage cutback in imports. The Rhodesian Ministry of Finance's 1976 economic survey shows that despite the Mozambique border closure in March last year, which it says had only a "minor effect," Rhodesia's trade surplus rose from £44m. in 1975 to a record £165m. in 1976.

SALISBURY, May 5

previous year. Manufacturing activity was lower for the second year in a row and Employment declined marginally. The Treasury is not optimistic about 1977, foreseeing a volume of about agricultural and industrial production. Inflation should decline from last year's 9 per cent (for higher income groups) and 11 per cent (for lower income groups), while employment should stabilise around the lower levels experienced at the end of 1976.

Effort to stop display of pressmen held in Zaire

BY STEWART DALBY

KINSHASA, May 5. FOUR EUROPEAN ambassadors jotted forces in a demarche on senior Zairean officials here today in a bid to avert potentially humiliating incident due to take place tomorrow, involving the public display of seven captured journalists, including one Briton.

Porvair signs four-year, £8m. contract

BY CHRISTOPHER DUNN

PORVIR, U.K. manufacturer of heat-treated porous shoe upper material, has signed a major contract, worth £8m. over four years, with the Soviet Union. According to the agreement, the company, which is an 50 per cent owned subsidiary of the U.S. chemical specialty manufacturer, Inmont, is to supply the Russian shoe organisation, Sojuzshoes, with in excess of 8m. square feet of the synthetic material each year. This is the equivalent of 30-40 per cent of Porvair's annual turnover (1976: £14.5m.).

Gandhi bid to control Congress

BY K. K. SHARMA

JUST A month before elections to state assemblies are to be held, the Congress Party seems to be torn by internal wrangles and sharp differences over its leadership, with Mrs. Indira Gandhi, the former Prime Minister, making an unexpected bid for control of the organisation. Mrs. Gandhi, who had announced about a month ago that she had retired from public life, made a dramatic entry into the hall when the All India Congress Committee, the party's national decision-making body, was meeting to reorganise itself and elect a new executive and president. She made a brief speech, towards the end of which she appeared to break down while thanking those who had stood by her "in bad times and in good."

NEW DELHI, May 5

if this becomes necessary. Mr. Raj got powerful support from Mr. Y. B. Chavan, leader of the Congress parliamentary party and now leader of the opposition in parliament. Mr. Chavan today made it clear that the Congress would have to return to "collective leadership" (thus rejecting Mrs. Gandhi's dictatorial methods) and democratic functioning. Behind him are all those opposed to Sanjay and his "caucus which abused power during the emergency." Mrs. Gandhi wants to prevent the party going against her when official inquiries into abuse of power and charges of corruption against her, Sanjay and their followers begin. Evidence is already mounting and if the Congress is openly against her, the consequences for Mrs. Gandhi could be disastrous.

France modifies inflation plan

BY DAVID CURRY

THE FRENCH export credit insurance agency, Coface, is to modify its inflation compensation scheme by reducing protection against monetary fluctuations and by altering the index upon which compensation is based. The intense criticism of the French scheme by other credit insurers - particularly during the tortuous negotiations leading to the gentlemen's agreement between European, Japanese and American agencies - may have influenced the decision marginally. But the main reason is the concern of the cost-conscious government of M. Raymond Barre to limit the burden on the Exchequer of a scheme which has been criticised for making taxpayers foot around 10 per cent of the price of large export contracts.

PARIS, May 5

The inflation guarantee covers "abnormal" rises on fixed price capital goods contracts of more than one year in length. The premium is 1 per cent of contract value and abnormality is defined as a rise of more than 64 per cent in the price. The cost of this scheme, unaltered, would be around Frs2.5bn. (£300m.) and rise to as much as Frs7bn. in 1980. The Government is now intending, where appropriate, to make companies pay a surcharge equivalent to a third of the rate of depreciation of the franc against Special Drawings Rights. For the calculation of the compensation to be paid to companies the index used will now be the official retail price index increased by 30 per cent, a difference between that and previously used index of 10 per cent. This reflects Government's anxiety to limit an effective policy of constraint and to close the gap on a system which passes on costs of wage increases to taxpayer. The threshold at which compensation is paid was hitherto to go up to 9 per cent, but this is now likely to be deferred. It had been assumed that a threshold below the current rate of inflation by the Government's own public sector price and increases is 6.5 per cent, more consistent in hindsight with 6.5 per cent, threshold.

Gulf states lend \$1.5bn. to Egypt

BEIRUT, May 5

AN AGREEMENT was signed in Cairo today for a \$1.5bn. loan from the Gulf Development Organisation (GDO) to Egypt. The loan is to be repaid over ten years at an interest rate of 5 per cent, after an initial five year period of grace. The GDO is made up of the oil states of Saudi Arabia, Qatar, Kuwait and the United Arab Emirates. Egypt will also be discussing a \$100m. loan from Austria during the meetings of the Austro-Egyptian joint commission on economic and technical co-operation, which are to begin in Cairo on May 27, according to Cairo Press reports. Economic talks between Egypt and the Netherlands at the end of the month are expected to result in a \$10m. Dutch loan to finance Egyptian development projects. IPS

Peres welcomes U.S. initiative

By L. Daniel

MR. SHIMON PERES, the Israeli acting Prime Minister, today welcomed the initiative by Cyrus Vance, the U.S. Secretary of State, to the effect that the U.S. has "suggestions on all the core issues" in the Middle East. Speaking within 24 hours of Mr. Vance's statement, Mr. Peres surprised his listeners by his apparently uncritical acceptance of the fact that the U.S. now is prepared to spell out its conception of a Middle East settlement. Observers here had felt that the assertion of clear-cut U.S. ideas, rather than the U.S. sticking to a catalytic role, would eventually put Israel into the position of having to accept the U.S. concept or risk coming under heavy pressure through U.S. reassessment of aid to Israel.

Poll doubts in Indonesia

JAKARTA, May 5

PRESIDENT Suharto of Indonesia is coming under increasing pressure to order fresh elections in some areas, following claims of widespread ballot-rigging in the general election on Monday, in which the Golkar movement, which the military government supports, retained its 62 per cent majority. The President today met Mr. H. M. S. Mintaredja, the Social Affairs Minister, leader of the opposition Islamic United Development Party, after the party submitted a report on alleged irregularities. Before the election, Gen. Suharto promised new ballots where irregularities could be proved. The Islamic Party alleges that more than 1m. voters in East Java were prevented from voting because they did not receive the necessary papers, enter

Racial deal in Latin America

Financial Times Reporter

ES-5m. contract in Latin America for Racial Electronics was announced by the company today. The contract is for radio communications and associated equipment and has been placed with a Latin American Government. Mr. V. M. Ivanov of Sojuzpeshina stated that the deal with Porvair formed only part of the British firm's buying intentions so far as raw materials for shoes were concerned. The Soviet trade organisation was also negotiating with Japanese manufacturers of synthetic shoe materials and the sale of product, "Clarion" was said to be highly competitive with Porvair.

Anglo-American battery deal

BY ANDREW TAYLOR

AN ANGLO-AMERICAN marketing and research agreement, which could lead to the development of a more efficient battery also assist the development of an efficient battery driven car. The deal Oldham Batteries—the biggest part of Cartlough Industries' battery division—will be able to sell its forklift truck batteries in the U.S. through the mining and engineering conglomerate Eagle-Picher Industries of Cincinnati. In return Oldham will handle the European marketing of Eagle-Picher's maintenance free batteries—used in the Apollo space programme. The agreement also provides for the exchange of technology between the two groups. Mr. Brian Bonfield, chairman of Oldham and managing director of Cartlough Industries, said yesterday after the signing that there

would be joint research into the development of a superior industrial truck battery, which could also assist the development of an efficient battery driven car. The Eagle-Picher group, an annual turnover of \$9 million, says that it has been looking some time for an industrial truck with which to share its \$100m. turnover. The Apollo projects like the Apollo programme. Currently its battery division sells around 60 per cent of its products to the government—mostly to the Energy Department. It now wants to enter its market for its products—mostly for computers, hospitals and air—power units in cars and trucks. It is a subsidiary of British company, with a wide appeal, has most to gain from trading agreement.

Pakistan arrests on eve of demonstrations

BY M. A. MANSURI

THE PAKISTAN Government today showed that it intends to take a firm stand against any further street agitation when police in Lahore arrested numerous supporters of the opposition Pakistan National Alliance including newly chosen officials. The police raid was apparently an attempt to forestall nationwide demonstrations to-morrow which the opposition has declared "Martyr's Day" in memory of the 200 or more people who have been killed in rioting since the general election of March 7. The PNA leadership had called on its followers to defy restrictions on public gatherings. These have been applied most strictly in Karachi, Hyderabad and Lahore

—the three cities under martial law. The immediate effect of the arrests was to toughen the PNA's stance in its negotiations with Mr. Bhutto to end the political crisis. The Pir of Pagara, the acting president of the alliance, today revealed the demands that the opposition is making to Mr. Bhutto and insisted that Mr. Bhutto's resignation came first. Earlier remarks by the Pir and other opposition leaders had suggested that some of them were willing to compromise on Mr. Bhutto's resignation. The document presented to Mr. Bhutto which put this demand at the end. Mr. Bhutto has consistently said he would not resign, though he has offered fresh national elections as well as other major concessions. According to Pir Pagara, the demands that have been put to Mr. Bhutto by the leadership of the PNA, which has been meeting for several days at Sialkot, include the immediate lifting of the

Ford plant for Sydney

BY JAMES FORTH

FORD AUSTRALIA plans to set up a \$82m. assembly plant in the Sydney suburb of Ingleburn. Work on the plant, which will assemble Falcon and Escort models, will start soon. The plant will be owned and operated by Ford Australia, a subsidiary of Ford Motor Co. The plant will be built on a 79 hectare site and will lift capacity by about 21 per cent when it goes into production at the rate of about 30,000 units. The site provides room to expand capacity to more than 100,000 units a year, which would lift output capacity to 250,000 units a year. Work on the plant, which will assemble Falcon and Escort models, will start soon. The plant will be owned and operated by Ford Australia, a subsidiary of Ford Motor Co. The plant will be built on a 79 hectare site and will lift capacity by about 21 per cent when it goes into production at the rate of about 30,000 units. The site provides room to expand capacity to more than 100,000 units a year, which would lift output capacity to 250,000 units a year.

had hoped to reintegrate his campaign against Mr. Bhutto which was seen to have lost much of its steam last weekend with the failure of the so-called "Long March to Islamabad." Air Marshal Asghar Khan has however taken a far more aggressive approach by appealing to the chiefs of staff of the armed forces and to officers not to obey what he considered unwarranted orders from the Bhutto Government. This action was described by the Defence Ministry today as the "preaching of sedition." Some political commentators believed tonight that the Defence Ministry statement might be a prelude to bringing charges against the former head of the Pakistani Air Force.

Some political commentators believed tonight that the Defence Ministry statement might be a prelude to bringing charges against the former head of the Pakistani Air Force. In calling for a demonstration to-morrow the opposition

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Joy 1250

HOME NEWS

Irish inventor wins a factory and £15,000 cash

BY OUR OWN CORRESPONDENT

THE INVENTOR of a storage container discharge unit has won a £15,000 cash prize and a factory in the competition run by East Kilbride Development Corporation to mark the Scottish town's 50th anniversary.

Mr. John Egan, an Irishman working in Scotland, designed a vibrating multi-bladed system for controlled discharge of solids from containers and hoppers. This was placed first in the competition to find the best industrial invention capable of being developed profitably.

Two other entries won joint second place and will be offered free factories by the development corporation. They are a new method of applying kailin powder to wounds entered by Mr. Matt Stoddart of K/L Pharmacentral of Troon, and a self-righting illuminated road bollard submitted by two Cornishmen, Mr. Robert Southall and Mr. Peter Hill.

The competition, launched in October, attracted 655 entries of which at least 30 per cent were thought to be impossible or impracticable. Three entrants were given a warning by the judges, under the chairmanship of Sir Monty Finniston, that their invention could be tetchal. Three perpetual motion machines were entered but failed to gain recognition.

Construction industry call for aid

By Michael Cassell, Building Correspondent

LEADERS of the construction industry are seeking a meeting with the Prime Minister in yet another attempt to enlist Government help in relieving the effects of the worst post-war building recession.

Mr. Robert Willan, president of the National Federation of Building Trade Employers, told the Federation's annual meeting in London that a meeting was being sought and went on to track the Government for its inaction over the industry's current plight.

He told the meeting: "We are at the end of the long series of frustrating and sterile discussions with the Government about the recession and what ought to be done to reverse it. We want fewer words and more action."

The industry had become totally disaffected and disillusioned with Mr. Reg Freeman, Minister for Housing and Construction, and Mr. Peter Hore, Environment Secretary. The Government's track record in the past year had been "miserable" and its policies had over "wholly disastrous" for the industry. Over a quarter of million workers in the industry had lost their jobs and thousands of companies had gone out of business since the slump set in.

'Salaries of top 100 down by half'

INFLATION AND the pay freeze applied by successive governments means that in real terms the income of the heads of nationalised industries has been slashed by half since 1972-73, according to a study by the Institute of Management Services claimed yesterday.

Data says that apart from payments of about £800 permitted under the Health Government's policy the top 100 people in Britain's nationalised industries, employing some 2m people, have received no pay increases since 1972.

Salaries paid in the industry were not determined by a review by the House of Commons. Salaries should be negotiated individually and reviewed annually.

British Vita invests £3m

BRITISH VITA is investing £3m in its Vitacon custom moulding operations at Middleton and Clayton, Manchester. When the first phase is completed by mid-summer the present ten moulding lines will be increased to 13.

Home building figures raise industry's hopes

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A BIG JUMP in house building starts in January-March this year has raised the industry's hopes that the industry might at last be starting the climb back to higher output levels.

Estimates from the Department of the Environment yesterday put the number of homes on which builders began work during March at 22,400 against only 14,700 in the previous month. The increase is encouraging, but the total is still well down on the 32,500 starts recorded during the same month last year.

The number of homes completed by contractors rose to 25,000 in March from 22,100 the previous month, but is still well down on the March, 1976, figure of 29,000. In the first quarter of this year, total housing completions were 6 per cent lower than in the preceding three months and 11 per cent less than the first quarter of 1976.

Gas, power tariff structure defended

BY RAY DAVIES

THE GOVERNMENT is resisting pressure for major changes in gas and electricity tariff structures.

In a White Paper published yesterday, the Government says that consumers must expect to pay realistic prices for their heat and power. Gas and electricity prices should be at economic levels which reflect the cost of supply.

But the Government, and the Department of Energy in particular, sees no justification for sweeping changes in the tariff structure to shield consumers from higher costs. Instead it prefers to see poorer consumers helped by improved social security benefits, higher pensions and special allowances.

The gas and electricity industries had agreed a code of practice protecting genuine hardship cases against disconnection and encouraging the spread of pay-as-you-go payment methods. Consumers on supplementary benefit and family income supplement had also been helped with a 25 per cent discount allowable on one of last winter's electricity bills.

Holiday plans changed

BY ARTHUR SANDLES

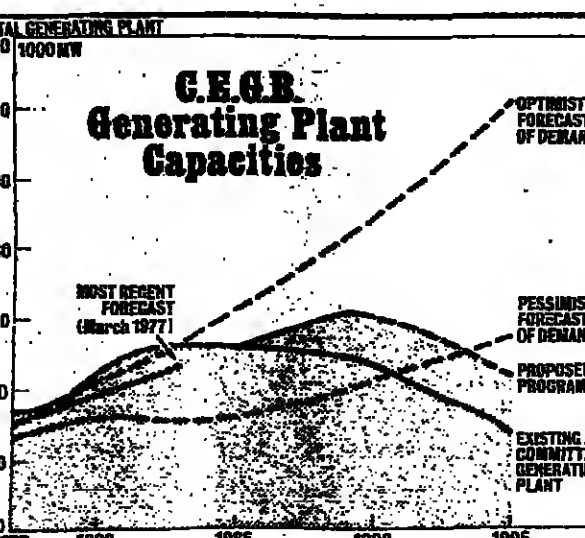
ABOUT 100,000 package tour customers have had their holiday travel arrangements changed over the past month as tour companies try to rationalise their bookings in what is proving to be a disastrous holiday season.

Estimates of the shortfall in holiday bookings compared with last year vary from 10 to 20 per cent. Many tour companies have been holding on in the hope that there will be a last minute rush of reservations. Now, as one charter airline pointed out last night, "some people's nerve is beginning to crack" and there is a rush to merge flights.

CEGB now more optimistic about growth of demand

BY MAX WILKINSON

THE CENTRAL Electricity Generating Board's corporate plan for 1977 shows a somewhat more optimistic forecast for the growth of electricity demand on its previous estimates. The Board repeats the optimistic and pessimistic forecasts of electricity demand shown in last year's corporate plan. But the Board's recent forecast suggests demand will be nearer the high level to the early 1980s.



The optimistic forecast is based on an assumption of a growth rate of 3.3 per cent a year in the economy as a whole, and a slight rise in electricity's share of the useful energy market. This results in a forecast average growth rate for electricity consumption of 3.5 per cent a year, to reach 81,000 mw by 1985. The pessimistic forecast is based on a growth rate in the economy of 2 per cent, a year and on electricity demand of only 1.5 per cent a year, leading to a maximum of 55,000 mw by 1985. The Board says it expects demand to grow at a rate between these two extremes. A continued reduction in power will be needed. Replacement of every 1,000mw of old plant by modern machines would displace about 600 workers, says the Board.

Landowners urge rent rethink

CONTROLLED RENTS should be converted to "fair rents," the Landowners Association said yesterday. It was commenting on the Government's consultation paper on the Rent Acts, published earlier this year.

Overall, it welcomes the paper. "It shows a refreshing readiness to consider new ideas on letting by private landlords." However, it believes the Government must go further than its proposed, and re-examine the private landlords.



The idle, food loving city centre pigeons hung their crops in shame yesterday as their more useful cousins flew into action carrying urgent medical samples. The experiment, using pigeons with specially designed harness, started between Plymouth's Greenbank Hospital and the city's central laboratory. If successful lofts may spring up at other hospitals.

Bankruptcy law change cuts receiving orders

BY OUR CITY STAFF

RECENT legislation increasing the minimum debt required to and from £7.50 to £50 for debtors' petitions caused a sharp fall in the number of receiving orders against the self-employed and other individuals in the first three months of this year. The Insolvency Act 1976, which came into force on December 20, increased the minimum debt for bankruptcies from £50 to £200; the deposits required on bankruptcy petitions rose from £5 to £50 for debtors' petitions and from £7.50 to £50 for creditors' petitions.

Accountants urge simplified system without delay

BY MICHAEL LAFFERTY, CITY STAFF

A SIMPLIFIED system of current cost accounting (CCA) should be introduced without delay, the English Institute of Chartered Accountants, Britain's principal accountancy body, has told the Morpeth Inflation Accounting Steering Group. It says this inflation accounting system is likely to be the most useful form of reporting for the majority of users of accounts. By eliminating deferred taxation, investments and leases which could be better dealt with in separate accounting standards. The Institute also says that the much-disputed supplementary statement comparing a company's performance with changes in the Retail Price Index should be dropped for "reasons of speed and simplicity." Indices should be allowed for fixed asset valuations and stocks, and a new discussion paper should be issued covering much of the material in the "special situations" section of the present proposals. The Institute also believes that all companies should changeover to CCA at the same time—July, 1978 is the present account, and the section of the target—rather than in four phases, as presently proposed.

Scots tax-raising powers may split U.K. companies

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A SCOTTISH Assembly with tax-raising powers could create competition between companies on either side of the border and so undermine the unity of the U.K., Mr. Alan Devereux, vice-chairman of the Confederation of British Industry in Scotland, said yesterday. He told a conference in Glasgow, that higher taxes in Scotland would add to industry's costs and further discourage investment. The Government is expected to make a statement shortly on its revised devolution proposals following the agreement with the Liberal Party, and it has been widely reported that some form of independent revenue-raising power will be suggested for the assembly.

City	Arrival/Departure Times
Dep. London	14.00
Arr. Portland	18.05
Dep. London	11.00, 12.55, 16.30
Arr. New York	13.35, 15.30, 19.05
Dep. London	10.40
Arr. Detroit	15.20
Dep. London	13.05
Arr. San Francisco	16.05
Dep. London	10.40
Arr. Boston	12.45
Dep. London	14.00
Arr. Seattle	15.35
Dep. London	13.05
Arr. Honolulu	27.25
Dep. London	12.20
Arr. Washington	15.40

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HOME NEWS

Fists fly as hymns and drum rouse the passions of Loyalists

BY KEVIN DONE IN ARMAGH

MR. HAROLD McCUSKER, Official Unionist MP for Armagh, was attacked and kicked yesterday by an angry mob of extreme Loyalists as he left Armagh court-house...

swaying and rocking the car. Some of them shouted threats and abuse. Mr. Baird, who had been standing nearby when I arrived, joined in the verbal attack on me, but tried to restrain the mob from attacking the car.

They stopped trying to turn it over, but started to let the air out of the tyres and pressed in tightly around the car.

When Mr. Baird, who had been joined by this time by Mr. John Dunlop, MP for mid-Ulster, saw that his efforts to stop the crowd's attack were having no effect, he threatened to leave, saying he would withdraw his leadership from Armagh. This is just what the media want to come here and see," he shouted.

As he tried to storm off, the mob related, allowing me to get into the car. They opened up a narrow channel for me to get out, but all the time kept up a torrent of threats and intimidation.

Earlier, the main crowd clapped Mr. Paisley as he entered the court building. Ulster Service Corps road blocks would continue, he warned, whatever the outcome of the case. "The USC will continue to give security to the people of Northern Ireland as best they can."

As the trial proceeded inside the courthouse, the crowd outside was stirred up by a succession of speakers. The rable-rousing speeches contrasted with the rural Armagh



Ulster police scuffle with a Loyalist crowd at Armagh yesterday

surroundings, the courthouse facing a long village green called the Mall, which was bathed in sunshine.

Mr. Baird shouted at one point: "We have got to see who is with us and who is against us. I am getting a wee bit tired of intimidation from the moderates at the Northern Ireland Office."

Between hymns, some of Mr. Paisley's Free Presbyterian ministers roused the crowd with tales of Loyalist mythology. The wanted London-derry siege and the Apprentice Boys' heroes were referred to as if they were recent events instead of being nearly 300 years old.

"Harold Wilson said we should be forgetting all about the Dutch king," shouted a minister to the crowd. "King Billy," came back the response like a psalm chant.

Without King William, Wilson wouldn't be sitting in Downing Street," said the minister.

Inside the court, five of the 18 accused were fined £50 each for setting up illegal road blocks, but a member of the USC later warned that checkpoints would be set up again.

Last month Mr. Baird said of the forthcoming trial: "Myself and Mr. Paisley have been out on patrol with USC men. We should have been in the dock to-day instead of them."

Mr. McCusker, the MP beaten outside the court, said that a "howling mob" had descended on him, hitting and punching him. As police rescued him and escorted him away, a leading member of Mr. Paisley's Democratic Unionist party, Mr. William Beattie, pined him, shouting: "Go on, bring him back to his mummy."

The USC has never made much general impact in Ulster; it appears to consist of a small number of former members of the police reserve, the "B" Specials, disbanded in 1970. It operates in rural areas of Armagh, South Derry, Tyrone and Fermanagh, attempting to take the checking of cars into its own hands.

Norwest serves writ on Dell

By Michael Cassell, Building Correspondent

NORWEST HOLST, the building and civil engineering group, has served a writ on Mr. Edmund Dell, Secretary for Trade, claiming that his decision to appoint inspectors to investigate the affairs of the company is "unlawful, ultra vires and invalid."

The company is also attempting to stop the two inspectors, Mr. Lewis John Davis, QC, and Mr. Thomas Garrard Harding, from exercising any of their statutory powers conferred upon them under the Companies Act.

The Department of Trade announced in early March that Norwest was to be investigated under Section 163 (b) of the Companies Act, 1948, which covers failure to provide information to shareholders and possible fraud.

Norwest said at the time that it had no idea of the basis for the investigation. Mr. Ted Brian, chief executive of the group, assumed that the inquiry was centred either on events before his arrival or the position of some shareholders.

Over a year ago shares in the group held by the Le Mare family, founders of Norwest, were nearly sold to two other families, Mr. Raymond Slater and Mr. John Lilley. The move was vetoed by the City Takeover Panel.

After the announcement of the investigation, Norwest said it attempted to obtain from the Department of Trade the reasons surrounding the decision for an inquiry and an outline of the evidence involved.

The Secretary of State had refused to give any information and has told Norwest that it is not the practice of his Department to disclose the information requested. Neither was there any legal obligation for him to do so.

Norwest's solicitors, Bull and Bull, said last night. In these circumstances, the Board considered it prudent to apply for an injunction to prevent the disclosure of leading and junior counsel.

"It has now been advised that the company should challenge the appointment of Mr. Davis and Mr. Harding as being unlawful and invalid and the Board has resolved to accept this challenge."

Norwest is suggesting that the Secretary of State's refusal to provide any information infers that either there is no evidence against the company to support any complaint under the relevant section of the Act or that he misdirected himself or otherwise acted unlawfully in exercising his or purporting to exercise his discretionary power to appoint inspectors.

It said that it was "completely puzzled" by the Minister's decision and was concerned about the effect of the uncertainty on shareholders' confidence.

Leyland's share of market slides below 20%

BY TERRY DODDSWORTH

THE LEYLAND Cars group suffered the ignominy of watching its market share slide below 20 per cent, for the first time last month as the full effects of the month-long toolmakers' strike in February fed through the distribution system.

Leyland's poor showing, at 18.6 per cent of the market (£2,007 sales), gave Ford the opportunity to capture market leadership for the first time this year with a 31.3 per cent share (£3,488 units), its best April performance for more than a decade.

The figures, issued yesterday by the Society of Motor Manufacturers and Traders, suggest that many potential Leyland customers held off buying rival marques, apart from the surge at Ford, there was no big upswing in the sales of any of the company's competitors, domestic or foreign, and the overall market dipped by 5.7 per cent compared with the same month last year to 112,357 units.

This low sales total is regarded as somewhat freakish in the industry and mainly due to Leyland's supply shortages. Demand, particularly in the fleet sector, is holding reasonably well and some manufacturers—notably Ford—have big order books.

Imports, at 45.4 per cent of the market (£1,026), failed to climb over the 50 per cent mark which had been widely feared. Indeed, imports' penetration fell marginally from the 45.6 per cent captured in March.

Cars heading into the U.K. by multinational companies from their European associates was Datsun with 6,538 sales, 5.1 per cent, followed by Fiat on 5,023 (4.5 per cent). Renault on 4,822 (4.3 per cent). These figures indicate Fiat's recovery in the market is continuing, although Datsun is banging strongly on its leading position. Japanese companies may have obtained this rise if it had to the same percentage low sales as last year, which seemed likely under the warty understanding on car ports between the Japanese and British industries.

British sales for the year slightly up on last year, £5 for the first four months, at £17,384 in 1976.

Table with 2 columns: U.K. CAR REGISTRATIONS APRIL 1977, and Registrations. Rows include Ford, Leyland, Vauxhall, Chrysler, Datsun, Fiat, VW/Audi, Renault, and Others.

Monopoly study of shoes refused

By Arthur Smith, Midlands Correspondent

THE OFFICE of Fair Trading has decided not to refer the footwear supply industry, of which British Shoe Corporation is the leading company, to the Monopolies Commission.

Mr. Gordon Borrie, Director General of Fair Trading, announced last night that although there did not appear to be a monopoly situation at present, he would continue to keep developments in the industry under review.

It is very unusual for the Office to say anything in advance about future intentions. However, Mr. Borrie explained that previous publicity about the industry had given rise to uncertainty and he felt it appropriate to make his position clear in a public statement.

Controversy was aroused last year ago with the recommendation by a Government-sponsored study that British Shoe should be referred to the Monopolies Commission and its chain of 1,750 retail units split into six groups.

British Shoe, in a confidential memorandum to Mr. Eric Varley, Industry Secretary, emphatically disputed the case put forward by the Economists' Advisory Group of management consultants.

Mr. Borrie said his detailed review had established that no supplier or retailer of footwear appeared to meet the statutory criteria for making a monopoly reference.

However, the largest company, British Shoe, did command a significant share of the footwear market, and the situation would therefore be kept under continuing review.

Scott Lithgow 'wins £20m. Navy order'

By Our Glasgow Correspondent

THE MINISTRY OF DEFENCE is expected to confirm soon that the Scott Lithgow group on the Lower Clyde has won a £20m. order to build a seabed operation vessel for the Navy.

The dynamometer position ship will be the first of its kind for the Navy and has been designed jointly by the Ministry of Defence and Scott Lithgow, which has gathered considerable experience of this kind of technology through the construction of two drill ships.

The order is important to the shipbuilding group's Carsburn yard, Greenock, which is building two 20,000-ton fleet replenishment vessels for the Auxiliary Fleet Service.

Record month for aerospace exports

BY IAN HARGREAVES

BRITAIN'S aerospace industry had a record month for exports of £242.2m. compared with about £230m. for the same quarter last year. There is considerable relief at the March figures within the aerospace industry. In January and February the net surplus of exports over imports had slumped to a mere £20m., but has now widened again to £48m. over the quarter.

Industry plans to invest £5bn.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MORE THAN £5bn. has been committed to investment this year by manufacturing companies, according to a Confederation of British Industry estimate published this morning.

The commitment is disclosed in a paper on manufacturing investment prepared for a meeting of the National Economic Development Council on Wednesday. The item was not reached because of lack of time and is expected to be discussed at next month's meeting.

The paper, which attempts to answer questions raised at an earlier NEDC meeting, is essentially a defence of the current investment commitments of manufacturing companies.

These are described as "remarkably high" considering the level of profitability and demand and some unhelpful Government policies.

The recent CBI industrial trends survey pointed to a 10 per cent rise in investment in real terms in 1977, and an even larger increase (nearly 20 per cent) in the year ending in September 1978.

The CBI backs this with examples from a variety of major companies.

The paper says that the U.K.'s problem has not been so much a failure to invest enough as a failure to use existing resources efficiently.

It also points out that real profitability rose from 3.5 to only 3.6 per cent last year compared with hopes of an improvement of up to 4.5 per cent. This is because of unexpectedly high cost inflation and sluggish home demand.

By the fourth quarter of last year, real profitability—defined as gross trading profit less stock appreciation and capital cost—stood at 3.6 per cent, a 10 per cent improvement on the 3.3 per cent of the third quarter.

The paper also notes that while liquidity is adequate, this is only in relation to the present low level of activity. It says that the level of investment by U.K. manufacturing companies is a broadly similar percentage of value added compared with other major industrial nations, except Japan.

The figure between 1963 and 1973 was 12.7 per cent, the same as for West Germany and only fractionally less than for the U.S.

However, the CBI says that the increase in output obtained from a given amount of investment has been considerably less than in any of the other main industrialised countries.

Morley sells Grand Met. shares 'for living expenses'

BY MARGARET REID

THE MAN who heads the Mecca entertainment group, and who created the Miss World contest, has sold 70,000 shares in Grand Metropolis, because he cannot afford to meet family living expenses on his salary.

Mr. Eric Morley, chairman of Mecca, said last night that he had sold 70,000 shares in Grand Metropolis, of which he is a director, "because I just can't live on my income, which is only worth around £12,000 a year after tax."

Mr. Morley, who is 58 and whose wife Julia plays an important role in the organisation of the Miss World contests, explained: "I've moved into a new house and I've got five children. I haven't had a salary increase for four years and if I had, it would have been almost all absorbed in tax."

"The only other thing I could do would be to become a tax exile and that I don't want to do because I love the country. So I have had to sell shares, which I didn't want to do."

The sale of the shares, believed to have been at about 77p each, was disclosed yesterday under the provisions of the Companies Act 1976, recently brought into effect, by which directors' share dealings have to be revealed.

Mr. Morley, who recently became president of Variety Club International and whose entry in Who's Who says he introduced commercial bingo into the U.K., also said: "Like the rest of the country, I've geared my life-style to the standard of five years ago and I've had to sell capital to maintain it."

Another note showed that one Grand Met director, whose salary fell in the £35,001-£37,500 range, on certain assumptions, would have had a take-home pay last year of £12,400, and another a percentage of fixed capital stock at replacement cost plus the book value of stocks—had risen to 3.9 per cent.

A further rise is expected but this is largely because of the influence of North Sea oil profits and masks continued extremely low real profitability in manufacturing industry.

Post Office engineers worried by refund

By Max Wilkinson

THE POST OFFICE has assured unions that the decision to hand back £100m. of excess profits to telephone subscribers will not affect investment plans.

Mr. Brian Stanley, general secretary of the Post Office Engineering Union, said yesterday that he had been assured that the Government would arrange for sufficient borrowing to allow the planned investment to continue.

He said: "The Post Office view is that the refund may even help to stimulate additional business, and we are assured that the refund will not have any effect on telecommunications revenue during the 1977-78 financial year."

Once-for-all

Subscribers will be given a £7 once-for-all refund because the Post Office's telecommunications profit of about £33m. was considered excessive by the Price Commission. The Post Office proposed the refund when it became clear that profits for the year ended March 31 would exceed margins laid down by the price code.

Workers in the Post Office and its supplying companies can be expected to feel disgruntled at the refund. The Post Office cut £220m. off its investment programme last year. It is estimated that this will lead to loss of up to 15,000 jobs in the supplying industry. At the time, the Post Office cut the cut was made in response to new forecasts of telephone demand and exchange capacity.

Mr. Stanley said that "in spite of assurances about investment the union should be rightly concerned at what appeared another miscellaneous list of criticisms of the present Post Office management system."

The announcement also seems to be a fresh example of Governmental intervention in Post Office affairs. Until recently it appeared that Government Ministers were fully supporting the level of profitability of the telecommunications business.

March textiles output steady, but imports cut demand

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE BRITISH textile industry is now firmly on a plateau after its recovery last year, latest figures from the British Made Fibres Federation indicate.

The federation's monthly output figures show that despite the relatively good production in March of 55,49m.kg., the total for the year so far is 154,89m. kilograms—quarterly averages is also down on the first and last quarters of last year.

Production has been affected by a drop in demand because of heavy imports of finished products into the U.K., and is still down substantially on 1973 when the quarterly average topped 130m.

The continued weak state of the U.K. market is also apparent from the increased dependence of fibre producers on export markets, which accounted for roughly 50 per cent of total output during the first quarter this year.

The federation points to strong demand abroad for staple fibre in the first quarter, but the industry says there are now signs that some de-stocking may be taking place with orders for staple falling over recent weeks.

Britain's man-made fibre producers are encouraged, however, from a strong revival in the market for polyester filament in the U.K. where the textile trade is seeing a consumer demand for apparel growing.

The higher U.S. demands are also expected to reduce pressure of imports from the U.S. into Europe. The industry's main problem remains its inability to secure adequate prices.

A large slice of the U.K. textile industry is being held together by the Government's temporary employment subsidy, according to Mr. Jim Browning, president of the Amalgamated Textile Workers' Union.

He told the union's 20th conference at Blackpool that the subsidy could only be seen as "the fatal day" unless there was something more positive in Whitehall.

Mr. Browning forecast a loss of at least 1,000 more in the spinning section by time next year in one count alone.

The increasing use of far yarns and cloths was "unstable" and it would never stop on a voluntary basis within the trade, but only by directive or legislation.

Miss Joan Lester, Labour MP for Eton and Slough, said selective import controls will be needed to support the Government. Imports of cheap wool because of exportation and they also underpin our own industries.

Sales rise 20% for John Lewis Partnership

BY OUR CONSUMER AFFAIRS CORRESPONDENT

SALES in the John Lewis Partnership rose by 20 per cent in the 12 months to the end of January, but trading profits rose by only 16 per cent. The lower net margin for the year was due partly to increased costs and partly to the fact that the Partnership, which operates 17 department stores and 59 supermarkets, had to reduce its gross margins last year because of competitive pressure.

Turnover for the whole group rose to £70m. last year from £58m. with the department stores increasing their sales by £33m. and the Waitrose food group boosting its turnover by £7m. Sales of the manufacturing and wholesale units rose by 37 per cent to £7m.

During the same period, the Partnership's trading profit rose by £3.65m. to £26.4m. with the Waitrose supermarkets increasing their contribution to £5.5m.

The profit available for dividend between the Partnership bonus and investment rose from £2.2m. in 1975 to £12.1m. in 1976. This was a better outcome than had been expected following the difficult trading conditions in the first six months of the year.

Mr. Peter Lewis, the Partnership's chairman, said yesterday that while sales in the first nine weeks of this year had been better than expected, he was not prepared to predict the outcome for the entire year.

Treasury job change postponed

By Our Economics Correspondent

MR. KENNETH COUDREY, newly appointed head of Treasury's overseas finance, will continue to be responsible for overseas policy until three talks have been plotted.

He is therefore expected to take up his new post in June of this month—in succession to Derek Mitchell who is leaving the civil service this week after the economic summit.

Douglas Maw, the Treasury's permanent secretary, will be responsible for overseas policy until early in mid-July.

The Financial Times has been asked to point out that Andrew Hayslip, the chief economic adviser, is on a five-year contract and not a year agreement as stated in Treasury's name owing to a provision of incorrect information.

Success for Co-op

BY OUR CONSUMER AFFAIRS CORRESPONDENT

SALES of the North Eastern Co-op, seen as the prototype of the kind of regional grouping which the movement should try to develop in the future, increased as the most difficult since the society's formation six years ago.

Trading conditions during the year were described by Mr. Hedley W. Whitehead, chairman, as the most difficult since the society's formation six years ago.

Copy 1250

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LABOUR NEWS

Provincial journalists obey strike call

BY OUR LABOUR STAFF

JOURNALISTS AT a majority of provincial newspapers in England and Wales appeared to be obeying a union instruction for a 24-hour strike which came into effect late yesterday.

Call to strike over Gibraltar 'lock-out'

BY DAVID CHURCHILL, LABOUR STAFF

A NATIONAL one-day official strike of all Britain's 230,000 clerical civil servants was called yesterday at the annual conference in Southport of the Civil and Public Services Association.

Angry doctors want explanation for leak of salary agreement

BY STUART ALEXANDER

AN ANGRY British Medical Association yesterday demanded from the Government an explanation of how part of its latest pay agreement was leaked to the magazine Pulse and published on its front page before the details of the award had been given to the negotiators.

North Sea pilots agree to talks with Bristow

BY OUR LABOUR STAFF

STRIKING North Sea helicopter pilots in Aberdeen have agreed to meet Mr. Alan Bristow, chairman of Bristow Helicopters, in Redhill next week to discuss a settlement to a row over a sacked colleague.

Port Talbot plea to Chapple

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

MR. FRANK CHAPPLE, general secretary of the Electrical and Plumbing Trades Union, will be asked on Monday to make official the six-week strike by electricians that has shut the British Steel Corporation Port Talbot Works in South Wales.

900 laid off over dispute

A DARLINGTON, Staffs., factory refusing to service key equipment for two weeks. GKN, the engineering group which owns the factory, said: "We had no choice but to close down and lay off the workers because of severe electrical breakdowns."

Scrap social contract, urge S. Wales miners

BY OUR LABOUR STAFF

REPRESENTATIVES of miners for a phased return to free collective bargaining. The South Wales area membership is only one of 20 union sections in the country and is not likely on its own to swing the mood of the forthcoming national conference.

Concorde redundancies row may cause strike

BY OUR LABOUR STAFF

ENGINEERS AND fitters working on Concorde warned yesterday that unless there was agreement on severance pay for those workers to be made redundant at Filton, near Bristol, industrial action would be taken against the British Aircraft Corporation.

Shipyard strike men to discuss peace plan

BY OUR LABOUR STAFF

STRIKERS involved in a debarcation dispute which has led to 800 shipyard workers being laid off at the Vosper Thornycroft yard in Southampton will discuss a peace plan put forward by the management today.

Big wage rises sought by knitwear workers

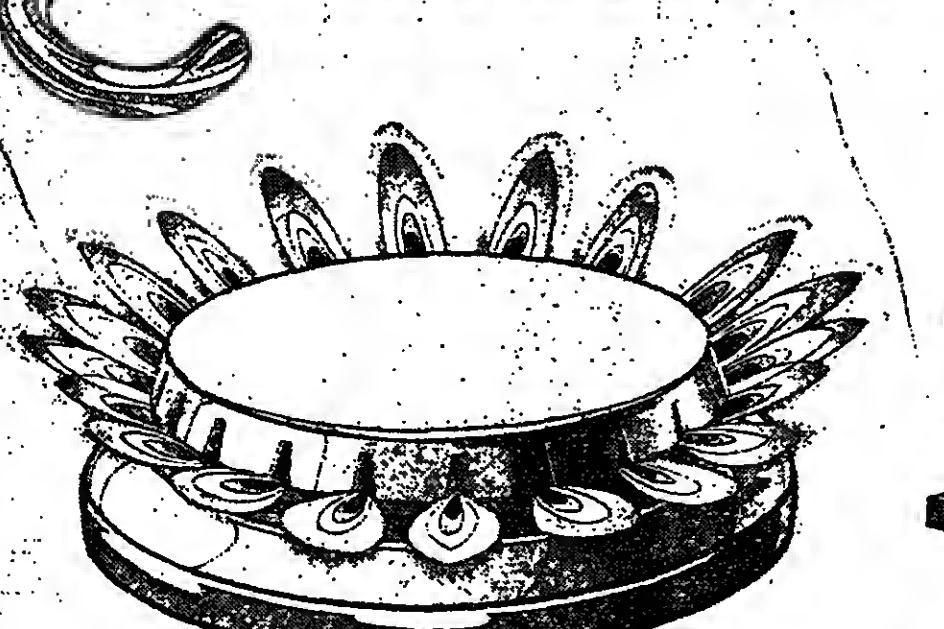
BY OUR LABOUR STAFF

ALLS for substantial wage increases form a large block of resolutions for the annual conference of the National Union of Hosiery and Knitwear workers at Southport next month.

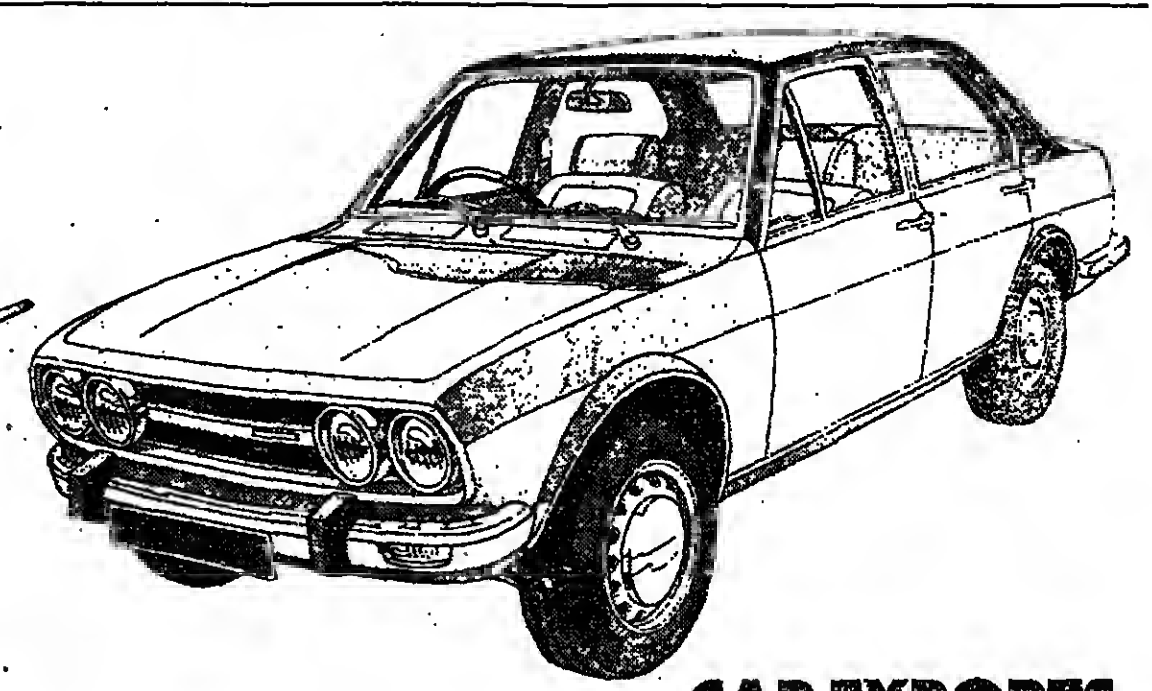
repercussions from other craftsmen at Port Talbot and elsewhere.

which BSC is now almost a bystander. Meanwhile 6,700 other steelworkers have gone on the dole, plus an unidentifiable number in associated local firms, and an steel is being produced at the plant.

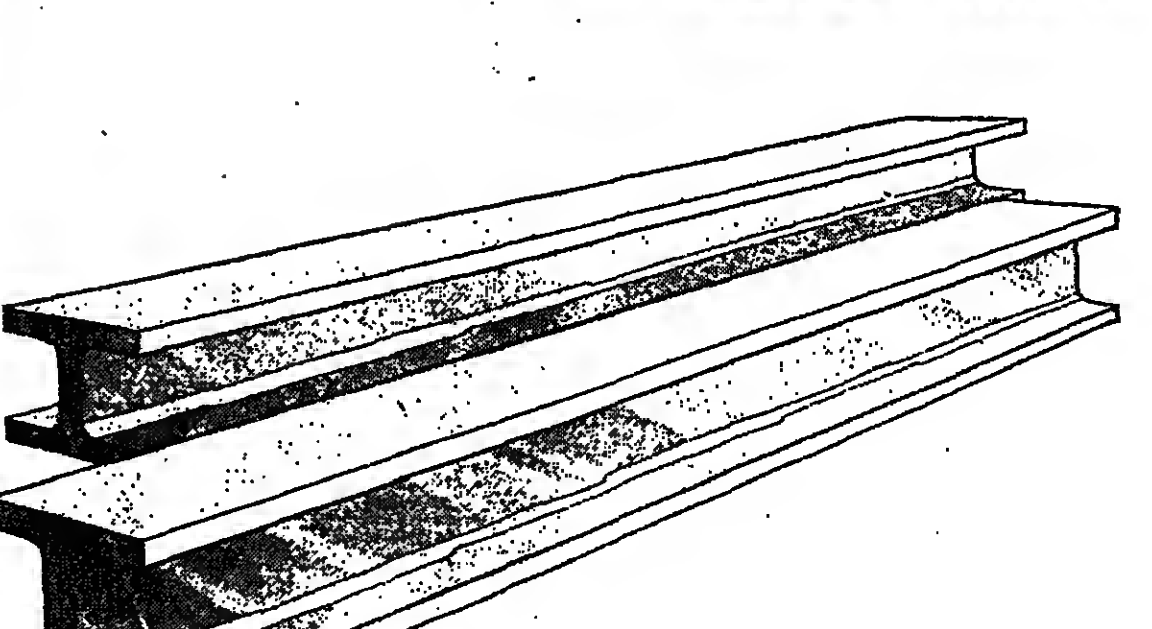
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APPOINTMENTS

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• RESPONSIBILITY is to the Permanent Secretary of the Department. The Director holds rank equivalent to Deputy Secretary. Appointment for a term of around 3 years may be on secondment or by direct engagement.

• THE requirement is for a record of notable achievement in industry, banking or the accountancy profession and must include proven financial expertise.

• THOSE aged under 40 and earning a salary which is not well into five figures are unlikely to have the experience this appointment demands.

Individuals who wish to be considered for this appointment or organisations seeking to nominate a candidate are invited to write in complete confidence to R. T. Addis acting as adviser to the Department.

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NORTH SEA OIL REVIEW

BY RAY DAFTER

Quickening pace of output

AINST the backdrop of the continuing controversy over Ekofisk blow-out, the Government and offshore operators have unveiled a series of developments which highlight the quickening pace of North Sea oil production.

The Department of Energy's own Book has set the scene, writing an increase in the 1977 estimated reserves from 1.1 to 1.5 billion barrels, a rise of 40 per cent. This is almost equivalent to reserves in British Columbia's Forties Field.

LATEST OFFICIAL RESERVE ESTIMATES FOR UK COMMERCIAL FIELDS

FIELD	OPERATOR	PROVEN RECOVERABLE RESERVES (m. barrels)	PEAK PRODUCTION RATE ('000 barrels/day)
ON STREAM			
Argyll	Hamilton Bros.	513	50 (40)
Auk	Shell/Esso	58 (51)	50 (40)
Beryl	Mobil	513	50 (40)
Green	Shell/Esso	1,486 (1,429)	462 (442)
Foinaven	Esso	1,759	462 (402)
Montrose	Amoco	147	45
Piper	Occidental	623	341 (239)
UNDER DEVELOPMENT			
Claymore	Occidental	418 (366)	170
Cormoran	Shell/Esso	147 (161)	40 (44)
Dunlin	Shell/Esso	586 (425)	150 (100)
Harbour	Esso	147	50
Whitby	Esso	1,024 (953)	332 (261)
Stafford	Cotecor	430	54 (66)
(U.K.)	BODL (BNOC)	557 (366)	203 (177)

Note: Figures in brackets are 1976 estimates. Source: Department of Energy figures based on operators' estimates.

A reappraisal of seismic information has led Shell and Esso to substantially to upgrade forecasts for their Dunlin Field which is due on stream in 1978. Estimates of peak production have risen from 100,000 barrels a day to 150,000 b/d while recoverable reserves have been added from 425m. barrels to 1.024m. barrels.

The Thistle Field, operated by the British National Oil Corporation's BODL subsidiary, is another discovery now looking attractive. The peak production rate has been amended to 203,000 barrels a day. It is the reserve figures which must give the Thistle its particular 'cheer' thanks to an extensive drilling programme in the past 18 months. Recoverable reserves are now up from last year's official estimates of 366m. barrels to 557m. barrels more than double the recent figures.

Then Dr. Armand Hammer, chairman of Occidental Petroleum, breezed into London a week with news that the Beryl Field's production rate is to be increased, possibly to the predicted level of 400,000 b/d which will be reached this summer to nearer 500,000 b/d. The Occidental has already started discussions with the Department of Energy and a formal announcement could be made within the month.

Occidental's Piper pipeline will feature in the development plans now being finalised for the Taran Field. The Murdoch Field is also in the pipeline, because the U.K. Government has ratified the production scheme. An added impetus to an already busy project.

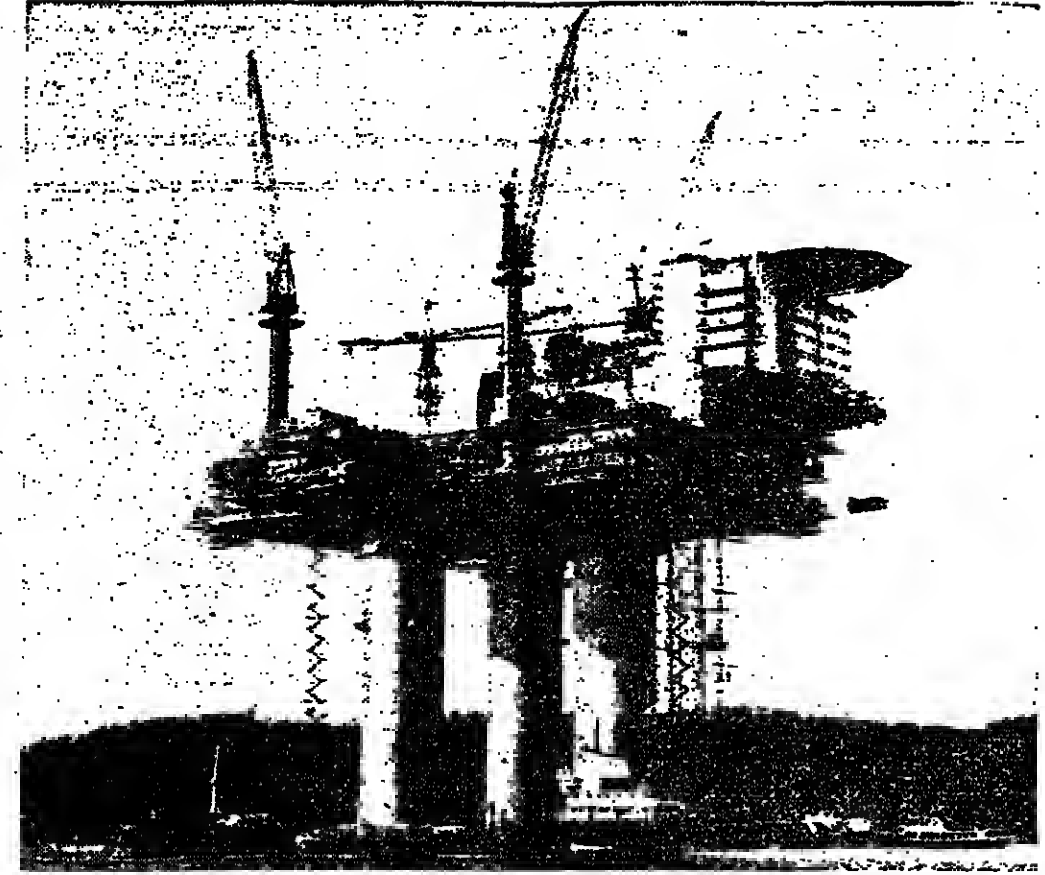
Amoco has a further pipeline with the Government's participation. It is the agreement signed last week, which has provided the impetus for the company to pick up the exploration licences it sought in the North Sea. The group has been and will be government assurances involved in offshore oil production should safeguard downturn activities in the U.K. But whatever the

while, on the other hand, the industry's wishes, the influence Government has gained a voice of Ekofisk will stay. Government and operators have taken exception to an earlier reference by me that the more closely the way offshore operators develop and run their fields. Safety and anti-pollution measures will feature prominently in recent years. So Mesa may have chosen an ill-opportune moment to press production until companies that offshore loading hoses can have made proper provision for using or distributing associated gas.

Not that the Beatrice development is likely to be affected on either count. The Mesa oil has relatively little associated gas. And its peak production is likely to come at a time when some of the existing commercial fields may be past their prime in terms of daily output. Furthermore, the Department of Energy's latest energy policy review presented to the National Economic Development Council hints that oil companies will be allowed to produce crude from their fields as fast as possible, at least until the late 1980s.

However, the way Beatrice is developed is more problematical. For a start, it is bound up with all the environmental issues that are now being given a full airing. Lying close to land, just 16 miles from the coast and in the middle of inshore fishing grounds, the field was going to be the subject of close environmental and anti-pollution scrutiny even before the Ekofisk blow-out.

It seems that, at the very least, Mesa may be required to operate its own firefighting and oil skimming vessels close to the producing structures. Whether Mesa and its partners will be allowed to use offshore loading facilities or whether the Government will insist on a pipeline to shore is still unclear. Both methods have their advantages — and their problems. The North Sea industry has already gained enough experience to know that pipelines can be dragged out of the position by ship anchors and



Stafford A, the world's largest oil production platform, which was towed out to the field this week.

that off-shore loading hoses can become damaged. But the way quality of the oil may be over-riding influence.

It is also possible that the method will be affected by Cromarty Petroleum's plan for a £150m. oil refinery at Easter Ross. This plan will go before the Highland Regional Council's planning committee on June 8. By then the planning committee will have heard from Mesa about its development plan. Mesa is due to present its ideas at a meeting on May 18.

The local fishing industry is not only concerned about the pollution threat and disturbance to its traditional fishing grounds; it is also worried about fish using the haven of platform safety areas to "hide" from the fishermen. It is an established fact that fish are attracted to the water around the base of offshore structures.

And Mesa appears to be planning to install at least four steel platforms in the Moray Firth. These will be small by North Sea oil standards — more akin to southern gas field units. But in order to handle the peculiar crude of the Beatrice Field — and recoverable reserves are estimated to be between 350m. and 450m. barrels — the Mesa group will need a good deal of topside equipment. As a result, it is likely that the platforms will be positioned in pairs.

Assuming that the Government agrees to the licence change governing the Buchan Field, British Petroleum — the \$150m. a modest outlay by new operator — is likely to choose a floating production system, at least in the early stages. A converted semi-submersible rig will probably drill development wells through a steel template positioned on the seabed. It is understood that this template, which could be in position in July or August, will accommodate six wells. There are also provisions for two satellite wells to be drilled.

In this way development drilling could begin later this year, giving a production start-up date early in 1979. The capital cost of this initial production system might be as low as \$150m. a modest outlay by North Sea standards.

Much needs to be learned about Buchan, however. It is a baffling structure with apparently poor producing characteristics. But so far only the main column of oil-bearing rock some 1,500 feet in 1,800 feet thick) has been tested. Unofficial industry reports put the recoverable reserves of Buchan at between 125m. and 180m. barrels although this range could be improved with further drilling. There are known to be a number of interesting prospects around Buchan, both in block 21/1 and 21/2. BP is obtaining a stake in both blocks in a deal which seems to please all sides. BP is gaining access to more oil in Buchan, undertake two further exploration wells, the first of which is due to be started on block 21/1 in the next few weeks.

The companies which are selling out part of their interests — City Petroleum, CCP North Sea Associates and Gas and Oil Arrage — can still look forward to some of the Buchan profits.

The companies are left with a 50 per cent. stake in the remainder of the licence (outside of the Buchan and North Sea structures) as well as a 50 per cent. retained interest in net profits from Buchan production. And they also see a 50 per cent. stake in BP's, with a 54 per cent. stake in Buchan, undertake two further exploration wells, the first of which is due to be started on block 21/1 in the next few weeks.

ahead with its development plans. In recent days the group has had informal discussions with Dr. Dickson Mabon, Minister of State for Energy, and officials at the Department of Energy to outline the scheme for bringing the attractive field on stream.

Within the next few weeks Mesa should be in a position to submit its formal development application, the so-called Annex B of the Petroleum and Submarine Pipelines Act's Model Clause Fifteen.

The scheme, and the way it is reviewed by Government, will be watched with interest by the offshore industry. For not only will it be affected by the Ekofisk considerations, but it will also mark the beginning of a new phase in British North Sea oil development.


Discovered in the past nine months, the field is the first of the post-1975 discoveries to be considered in the light of any new Government depletion policies. Existing commercial fields and pre-1975 finds are being developed on the basis that the U.K. economy needs a rapid and sustained build-up of oil production into the early 1980s.

In theory, Mr. Anthony Wedgwood Benn, Energy Secretary, could put a brake on the Beatrice production profile for one of two basic reasons. He might want to regulate North Sea oil production to match domestic consumption; in this way output would be sustained for the maximum length of time. He might also hold back oil

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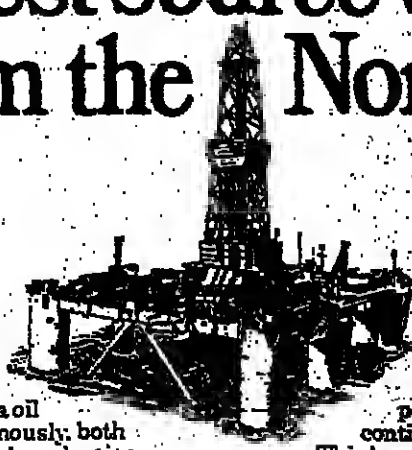
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HOME NEWS

MAPPING OUT THE OPTIONS FOR CAR MAKER'S FUTURE

Enterprise Board examines four different roads for Leyland

BY ARTHUR SMITH

THE NATIONAL Enterprise Board is examining the British Leyland review of car operations before making a recommendation to Mr. Eric Varley, the Industrial Secretary.

OPTION 1 This strategy, which on Leyland's assessment comes out top on market share, employment and profitability, would give the company a full range of vehicles ranging from the new replacement Mini through to the luxury specialist saloon and sports cars.

OPTION 2 Under this strategy Leyland would make a controlled withdrawal from the lower end of the market, abandoning both the 1250cc Mini replacement programme and the proposed new middle range car.

OPTION 3 This strategy examines the extreme proposition that Leyland should pull out quickly from the volume car market and concentrate all its energies on specialist cars.

OPTION 4 This alternative would again favour the specialist cars and involve a curtailment of investment on vehicles in the lower ranges. The Mini replacement project would go ahead but with less investment and lower production capacity.



LORD RYDER (left) will recommend future Leyland strategy to Mr. Eric Varley, Industrial Secretary (right).

Lord Ryder (left) will recommend future Leyland strategy to Mr. Eric Varley, Industrial Secretary (right). The company acknowledges that such a strategy would involve industrial relations problems but assumes that normal output could be resumed after a period.

Under this strategy Leyland would make a controlled withdrawal from the lower end of the market, abandoning both the 1250cc Mini replacement programme and the proposed new middle range car.

This alternative would again favour the specialist cars and involve a curtailment of investment on vehicles in the lower ranges. The Mini replacement project would go ahead but with less investment and lower production capacity.

Such a strategy would result in redundancies of up to 30,000 by the early 1980s and involve the closure of much of Longbridge, Cowley North works and the Liverpool plant.

Staveley complex partly reopened

By Andrew Taylor

A SECTION of the Staveley Chemicals complex, Chesterfield, closed earlier this year after it was discovered that some workers had contracted a mild form of skin disease, has reopened.

The disease, which has afflicted people to Severo, Italy, after a major leak from a chemical plant there, which the British Steel Corporation and the National Coal Board each hold a 45 per cent stake, has overhauled aspects of the plant which had previously brought workers into contact with chemicals.

Technical team to aid company performance

A SMALL full-time team to help medium-sized British industrial companies make the best use of technical advances has been set up by the Council of Engineering Institutions.

The aim is to make an effective contribution towards improving the performance of the council said. It has set up the team under the auspices of its committee on creativity and innovation.

Hurricane-proof vessel to fight offshore disasters ready soon

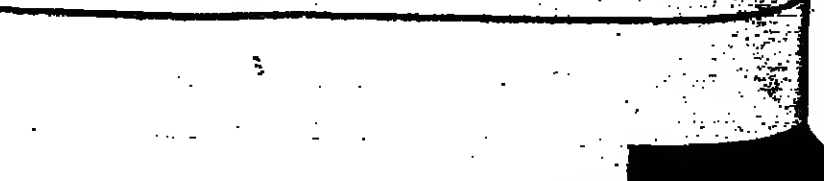
BY OUR SHIPPING CORRESPONDENT

A 31m, semi-submersible oil pipeline construction and firefighting vessel capable of operating in hurricane conditions will be available soon to tackle North Sea oil rig blow-outs and similar disasters.

The vessel, which will be named to-day at the Norwegian A/S Aker Mek Verstad shipyard, is owned by Houlder-Offshore (Furness Withby group), Ellerman and Ucland's (Norway) claim that the vessel is probably the only one in the world which could carry out spraying in Force 12 (hurricane) conditions.

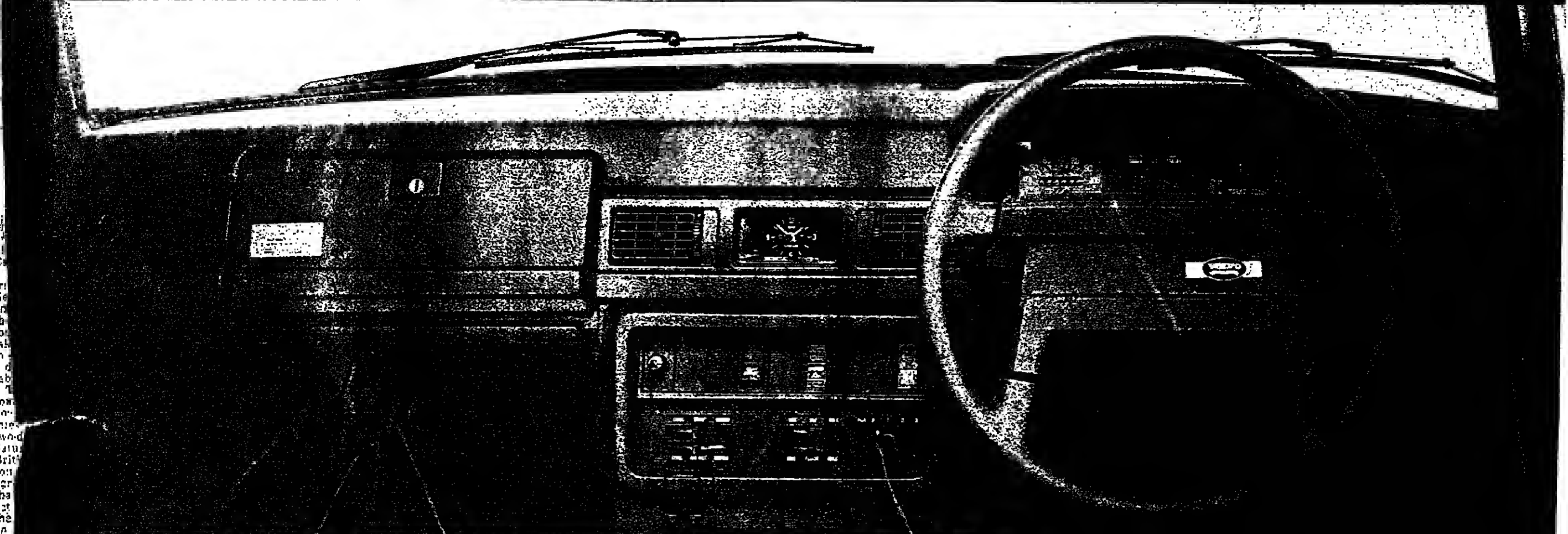
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FINANCIAL TIMES SURVEY

Friday May 6 1977

Electronic Components

Heavily dependent on imported technology for the survival of its electronics industries, Europe is seeking the best solutions for the future which may come from matching U.S. innovation or outstripping the U.S. in applications of new electronic components.

A RECENT publication prepared by the Central Office of Information and issued as a reference pamphlet by the Stationery Office singled out the electronics industry as having become one of the most important sectors of British industry, its importance stemming from its size, output and export performance, but also from the vital contribution it makes to many other key branches of the economy.

Of the key devices which make electronics possible — components — the report says requirements in Britain have emphasised the need to maintain a capability within the U.K. for the production of solid-state (transistor-type) devices and the development of micro-electronic technology and Government support is given to achieve this aim.

Those responsible for this support within Government and Government/industry organisations can hardly be happy at the outcome of their efforts at a time when manufacture and export from Britain has never been so attractive. In components, during 1976, the trade balance showed that the adverse trend was worsening at a rate of over 50 per cent. annually — a situation that no advanced country can continue to accept.

Poor performance in components dragged the whole of the electronics industry into the red. After the small favourable balance of 1975, first for our years, there had been hopes of major contributions

feeling that far too much of the work being carried on in the various plants set up for component production in Britain has little added value content. Where this may lead is implicit in the fact that, for instance, America's positive trade balance in computing equipment, expressed as part of the "business machines" category in 1976 — was just

that of the world market, with an 80 per cent. growth in the accounting period just ended and one of 70-75 per cent. anticipated for the current period. The company is exporting 50 per cent. of its output and says Derek Roberts, who has led the company's ventures into advanced electronics over the past ten years or so, much of the improved health of the

ments and industries should be worrying about.

Since equipment and systems have a tenfold higher value it would be better to concentrate on these. A policy of import substitution could be very dangerous to pursue in a country where the industries at the receiving end do not command a world market both by innovative power and by volume

production. This is something the French Government is finding out to its cost.

The important thing is to be selective and compete in areas in which a company knows it has a particular competence. For instance, Intel in the U.S. has concentrated on memories and micros and is now in a position of leadership vis-a-vis the giants of the semi-conductor world whose production is very much more broadly based.

But even narrow markets taking advanced electronic components need a broadly-based technological competence to back them up. This is where Government support can come in most effectively — particularly

when it is remembered that Intel spends nearly 11 per cent. of its income on research and development against 6.6 per cent. by IBM.

Another potent reason for Government support is that in Japan, W. Germany and the U.S., investment in semiconductor technology is being seen as a way of getting leverage on equipment and systems companies.

This is what much of the Japanese VLSI programme is about. At the same time, Amdahl with the support of Fujitsu and Itak with that of National Semiconductor, are able to challenge IBM with technology-based equipment.

The danger is that if a country gives up the component battle and tells its manufacturers to go and do the best they can for themselves in buying from foreign sources, they will run into suppliers who are moving up-market and are making or planning to build just that equipment that the would-be component buyer relies on for his own subsistence. To wait till new products are on the market before starting to manufacture can mean a two-year delay.

Essential for West European countries, Roberts believes, is to have state-of-the-art ability and retain this continually and only to make standard components if these can be produced at competitive prices.

Motorola, believed to be the largest semiconductor manufacturer in the U.S. and on world markets, has this year been honoured with a Queen's Award

Heavy flow of imports

By Ted Schoeters

under \$1.8bn, with computer exports 16 per cent. up at \$2.6bn, and imports only \$1.25bn.

Led by Britain, Europe was a heavy buyer and while no exact figure for the EEC was given by the U.S. Department of Commerce, it looks as if the 1975 figure of a \$1bn. deficit in computing equipment was repeated for 1976.

There is thus not only a vast outpouring of components from the highly automated plants of the U.S., but also a vast outpouring of equipment incorporating masses of these components with a rate of growth such that whatever other advanced countries do, apparently they can never catch

up with the U.S. in the production of components. This is not to say that nothing is being done to try and reduce some of the backlog in those areas where a command of the technology is vital. Mullard at its Southampton plant has a whole new wing devoted to the most advanced large-scale integrated components and will ultimately

be building a number of micro-computers there. Ferranti has designed and is developing the support for a powerful micro-computer that in some of its aspects is ahead of its contemporaries, though it was built essentially against military requirements.

This was the first "European" microprocessor, but no other British or European electronics company seems prepared yet to follow suit with its own development.

Government support for some 15 years or so ago, £5m. development is imputed in large part by Plessey for a paucity.

growth in its integrated circuit manufacture and sale which has consistently outstripped

that of the world market, with an 80 per cent. growth in the accounting period just ended and one of 70-75 per cent. anticipated for the current period. The company is exporting 50 per cent. of its output and says Derek Roberts, who has led the company's ventures into advanced electronics over the past ten years or so, much of the improved health of the

indigenous industry can be attributed to Government intervention. Admittedly it is on nothing like the scale of Japan where over \$300m. will be spent over a five-year period on that country's very large-scale integration project, or of West Germany. But discussions are in progress to increase U.K. Government support very substantially from the levels (in terms of purchasing power) of the first support granted when some 15 years or so ago, £5m. development is imputed in large part by Plessey for a paucity.

Roberts poses the question whether the balance of trade in components is what Govern-

Feeling

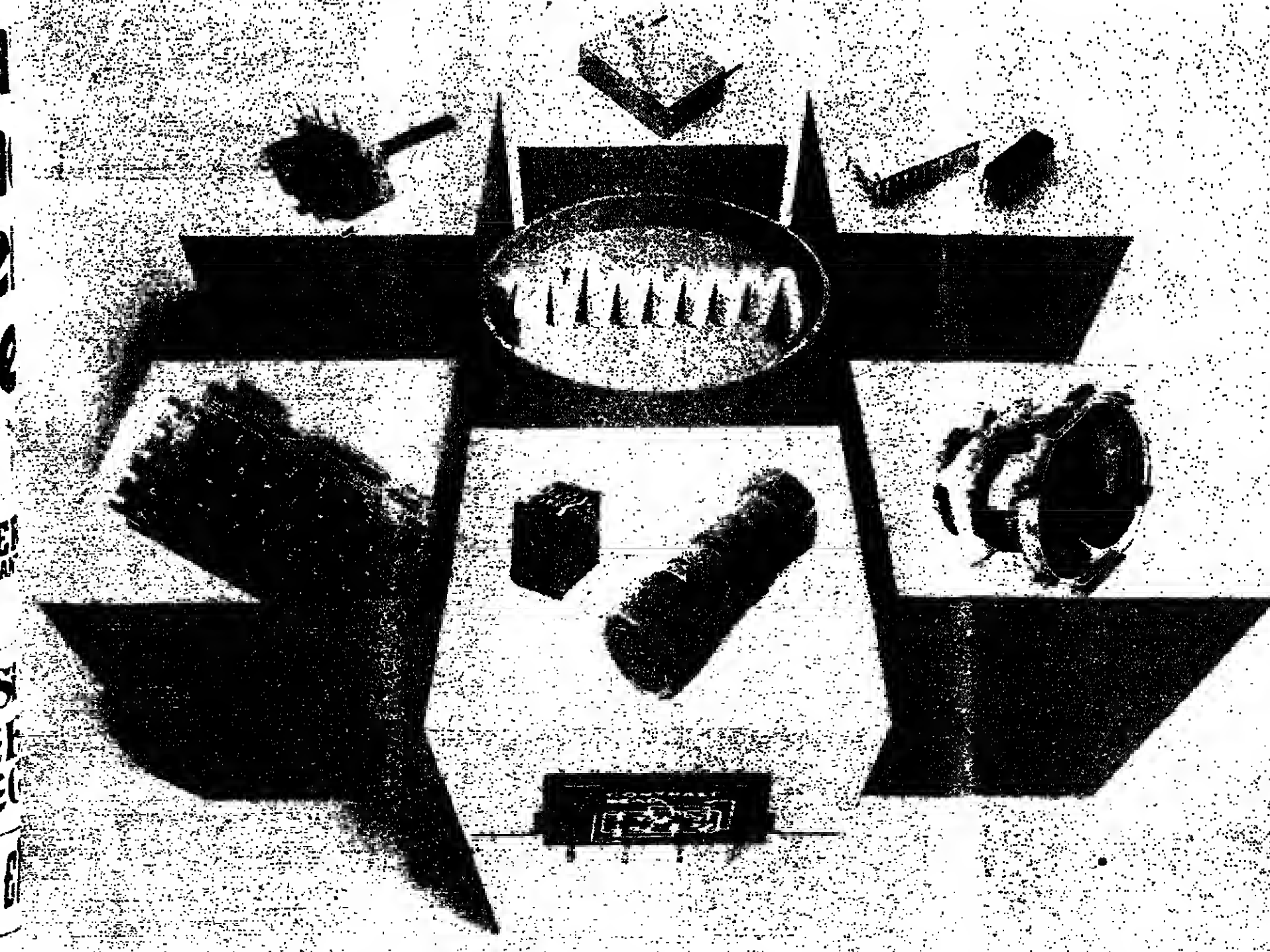
At the same time it is extremely difficult to determine accurately what the true state of trading is since imported components are frequently intended for the construction of equipment that will not be exported for some time to come. But it is hard to eliminate the

Burden

Motorola is doubling its plant capacity and by end-1978 will have some £7m. worth of buildings and equipment producing for the export markets mainly in Europe. Dr. Larkin puts the cost of setting up a line for the production of microprocessors at about £2m. Thus while the cost of developing a new product such as the Ferranti micro was put at "only a few hundred thousand pounds" it is apparent that the heavy financial burden on a company comes when it has to make the decisions to establish a production technology and determine what its marketing strategies are going to be.

It is clear then that levels of support in electronics, either from the U.K. Government alone or in concert with EEC, are going to have to be multiplied at least tenfold from what they have been in Britain if companies owned and controlled within the EEC are to gain and maintain a world competence in one or more of the leading products of modern electronics technology.

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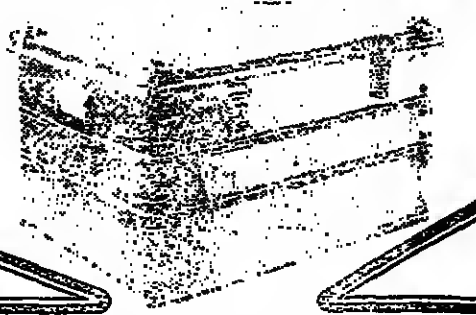
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VETERANS of the electronics industry still recall with mingled awe and amusement one of the earliest attempts to automate the assembly of components into finished circuits. Known as Project Tinkertoy, it was developed by the U.S. National Bureau of Standards in the '50s, and led to the first modular electronics package. But this development, ingenious though it was, failed to make the expected impact because of two quite separate developments which have dominated electronics ever since.

First came the decision by multinational companies to use low-cost workers in developing countries for the labour-intensive assembly operations of electronics. One of the first such moves was made in 1957, when Sony contracted the assembly of transistor radios to a company in Hong Kong. Before long several Far East countries were seeking work of this kind, and other companies started to follow Sony's example. "Off-shore assembly," as it came to be known, began to spread to Taiwan, Korea and Singapore, to Indonesia and the Philippines, to Mexico and Puerto Rico.

While this trend was getting under way, a development in technology pushed concepts like Project Tinkertoy into the area of hopelessly outmoded philosophies. In the early '60s the semiconductor industry came up with the integrated circuit (IC). No longer was it necessary to construct circuits in the traditional way by assembling discrete components and connecting them together. Now several components could be made as an integral part of a single chip of silicon. Early ICs were fairly simple, but there has been a relentless trend towards greater complexity during the past 15 years. Medium-scale integration (MSI) was followed by large-scale integration (LSI), and electronic designers are now pursuing very-large-scale integration (VLSI), with 10,000 or 20,000 components on a chip.

Offshore assembly and the manufacture of integrated circuits soon came together. Although the design of an IC and the processing of the semiconductor wafers are capital-intensive operations and call for a high degree of creativity on the part of electronic engineers, final assembly calls for manual dexterity which—so far—can only be done satisfactorily by the human hand. As early as 1962 Fairchild established a semiconductor plant in Hong Kong, and to-day it is common for the capital-intensive parts of IC manufacture to be carried out in the U.S., Japan or Europe, and for the labour-intensive assembly operations to be undertaken in any one of the world's low-cost labour areas.

Economics now rule the semiconductor industry to such an extent that an integrated circuit may be designed in one country, processed in another, packaged in a third, tested in a fourth, and marketed wherever the demand may be. It has become meaningless to talk about a country of origin, because usually an integrated circuit cannot be said to have been "made" anywhere.

Bouts

But there is little stability in the business of electronics assembly. The multinationals and the offshore nations have a kind of mutual love-hate relationship. The multinationals suffer regular bouts of concern about their dependence on low-cost labour in order to remain competitive, and try to claw back part of the production by automating more manufacturing processes at home. The offshore multinationals, having first welcomed the multinationals with tax concessions and investment grants, soon realised that their own economic wellbeing lay ultimately in someone else's hands. The acquisition of a plant in Mountain View, California, they seek a similar proposition of the present, and at the same time try to establish national electronics industries of their own. On top of that, workers who have developed a taste for the acquisitive society start asking for more, and cheap labour becomes not-so-cheap.

The trouble with trying to automate production at home is that the technology seldom stays still long enough to justify the investment. The backrooms of the electronics industry are littered with ingenious mechanisms which are no longer required, because the products they were designed to make—valves, for example—are no longer used. Even so, the investment in production equipment by the semiconductor industry is vast, and is expected to grow substantially in the next few years.

A survey undertaken last year by Graphic Concepts Inc. for the Semiconductor Equipment and Materials Institute estimated

that sales of semiconductor fabrication equipment throughout the world will increase from \$54m. in 1976 to \$92m. in 1982, going well over the \$1bn. mark by 1982.

It is significant, though, that automation as such is not a major factor in this increase. It is accounted for mainly by the greater demand for electronic products, and changes in semiconductor technology which require new investment by manufacturers. This expenditure will in itself prompt companies to seek savings in labour costs, which may encourage automation, but often automation is becoming an essential part of the process for technical reasons. The automatic transfer of silicon wafers from one step to another of the manufacturing process, for example, is necessary to ensure the ultra-clean environment which LSI and VLSI demands, rather than to cut back on labour.

Companies which assemble finished equipment also invest heavily in automatic or semi-automatic machinery. It is fairly common these days for a manufacturer to arrange different components in "handlines" which then feed through a

machine for automatic insertion in printed circuit boards. Cable looms can also be formed by numerically controlled machines running off tapes generated by a computer.

Cheaper

But investments on this scale are only justified if the product is being manufactured in large runs. Otherwise it is cheaper and quicker to have line operators inserting components and assembling chassis by hand. A lot of that still goes on, even in high labour-cost areas, though semi-automatic equipment is used extensively to improve productivity.

Nothing so highlights the tug-of-war between the desire to manufacture at home and the reliance on cheap offshore labour than the brief history of the portable calculator. Japan was first to come up with the concept of the small electronic calculator as a consumer product. That was around 1970, but within a couple of years the Mexican, then looked further afield for even cheaper labour. By 1975, when some 20m. calculators were sold in the U.S., well over half were imported, with many coming from Hong Kong, Taiwan and Malaysia.

calculator technology. Not only did prices drop dramatically as the components moved down the classic semiconductor "learning curve," there was a drastic reduction in assembly time, and the benefits of low-cost labour were discounted.

At first it seemed as though the steadily reducing "parts cost" which resulted from the growing complexity of integrated circuits could spell the end of offshore assembly. By the early part of 1974 Japanese calculator manufacturers were beginning to shift some of their production to the U.S. because, they said, American competition had become too strong.

But as the parts count reached the irreducible minimum, and as the price-cutting in calculators became more intense, the advantages of low-cost labour areas began to reassert themselves. American manufacturers first shifted their production to Mexico, then looked further afield for even cheaper labour. By 1975, when some 20m. calculators were sold in the U.S., well over half were imported, with many coming from Hong Kong, Taiwan and Malaysia.

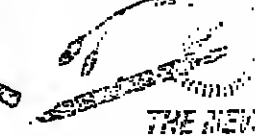
There is no doubt that electronics manufacturers to the developed countries will continue their efforts to automate as much of their production as possible, and save costs by steadily reducing the labour content. There is much to be said for concentrating production at home—the offshore assembly countries may be politically unstable, the well-known given to newcomers may disappear as a source of nationalism develops, and above all the cost of labour rises as the workers' aspirations increase.

But cheap labour is rather like oil—just as we think it is going to run out, somebody finds a fresh deposit. To-day offshore assembly is shifting to areas like the Caribbean and Central America; Texas Instruments has a plant in El Salvador, and Intel is to open one in Barbados. After that it may be Africa, turn.

For a long time to come the successful electronics executive is going to need a sound knowledge of 'geography and good travel agent.

Roger Woolmon
Editor, Electronics Week

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The technology race

ONE potent factor exists in Europe that does not apply in the U.S. This is the constant pressure for standardisation, fostered and encouraged by governments who frequently supply the development money, and it is particularly evident in the industrial control market where no other manufacturer has so far sought to operate, the place being left generally to local specialists.

Thus far the microprocessor is a sub-set of large-scale integration. But there are a variety of other areas in electronic components and sub-assemblies where the entry fee is just as high. Take for instance bubble memory, on which companies all over the world have been working for about six or seven years. It is not an easy technology and some developers have gone all the expensive way to inventing new photo-lithographic processes with which to make the tiny storage devices which have the attraction of no moving parts and no loss of information when power is cut off.

Texas Instruments is one major expecting a great deal from such units and is the first to have brought out a 82K device and to have used a 20K memory in a standard printer.

Other makers, including GEC Semiconductors, expect great things from charge coupled devices which offer slightly faster performance than the preceding units and could also be used to simplify the circuitry of such things as cctv cameras out of all recognition.

IBM has spent possibly ten years and a very large sum to

perfect the Josphson device which will at cryogenic temperatures switch a signal so fast that current instruments can only guess at its operating speed.

Some assert that because it is a characteristic of the active large-scale component market that price collapse and obsolescence is very rapid, civil servants tend to become obsessed with its problems, considering it to be much larger and more important than that for passive components. But in all the areas of industry a West European ofttake of \$3bn. or some 20 per cent higher than for active components.

This consideration has led Loughborough University of Technology to set up its own passive component technology activity in which it is collaborating very closely with companies engaged in their manufacture.

ing in mind that they are computers even though the earlier ones were rudimentary—they are now joining with the army of component specialists in providing prototype support and education for users.

This is not likely to be the market with aids, for if other sion goes as predicted, help available is needed to master smooth transition from mechanical solutions to electronic programmable counterparts which could improve their end-product, reduce its costs. And all this in an area where the actual device cost is a few pence.

Of course, the micro is not the he all and end all of the industry, despite its importance. The recent Pys/Post Office venture into "memory" telephones, which can recall at a touch of a button as many as 64 numbers of 20-digits each, does not depend on a micro but on a circuit specifically designed for the job. Had a micro been used, the board or boards would have been much larger and current demand much higher. It would be possible to cite other examples, such as the Racal/Ferranti multi-meter development. The point is somewhat similar to that made by National: to the effect that device makers must always be prepared to collaborate with major customers, particularly when this collaboration can mean the birth of a new family of LSIs with large market potential.

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Emphasis

And because three years is the time it takes for a passive component to reach obsolescence, there is considerable emphasis on world developments so as to provide advice and support to the companies involved.

This is only a brief look at a vast area of development in which users and potential users can be swamped by an avalanche of new releases from the producers. While, for a time, the developers of micros tended to sell their products with little or no support—bear-

Ted Schoeters

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ITT Components

July 1975

ELECTRONIC COMPONENTS III

Need for reliability uppermost

MATTER how sophisticated components may become—and how complex their assembly—remains, however, how reliable they be in an expensive piece of equipment?

Quality-assured components for defence equipment, both in the U.K. or for sale abroad, are essential for British manufacturers in what is a vital export market. Similarly, if components in communications or navigation equipment, which form a link between a civil aircraft and the ground, could be unreliable, the result could be disastrous.

It is surprisingly easy for original equipment manufacturers (OEM) to acquire a bad reputation if the components they are fault-prone, or fail after a relatively short working life. The reputation for unreliability can be easily acquired and hard to live down.

Unhappily, on the domestic electronics market, where no issues exist to be constantly innovative, product manufacturers do from time to time neglect consumer products that have not been properly tested, an attempt to beat the competition. A glaring example of this has been the digital watch market, where up to recently a number of reported failures have been quite high.

The decision by the British government to inject £20m into electronics components industry, plus the EEC Commission's recommendation that up to £100m be spent by member countries on VLSI (very large scale integration) development over the next six to eight years, show that Europe now regards components as a vital part of its economy and a vital area for growth.

But the race to rival current Japanese research and development spending could already be on. Many leading U.K. component manufacturers consider that the sum of £20m is insufficient, while heads of U.S. companies operating in Britain consider that a more precise method of

correcting tolerance was employed. The laser trimmer has provided the solution, and can trim 16 resistors to value in approximately three seconds. Now, if minute integrated circuits (ICs) are added, using fine wire bonds to link them with other components, a thick film hybrid circuit is produced which is capable of performing complex linear or digital functions to suit most customer circuit-design needs—at a fraction of the cost required to manufacture circuits previously.

In communications equipment also, conventional passive and active components are being replaced by surface acoustic wave and charge coupled device (CCD) filters. These latter planar products are easier to manufacture and have better temperature stability characteristics. That innovation in the manufacture of components is proceeding rapidly is borne out by the increasing number of specialist exhibitions put on for the sole purpose of catering for the growing number of companies working on every aspect of component production—all of them keen to ensure that their customers can make more reliable parts at a reduced cost.

At the same time, improved component production techniques are leading to increasing use of microcomputer-controlled automated machinery. This cuts down the number of manual tasks, and reduces the possibility of human error. For example, plasma etching systems are replacing wet processes in the fabrication of integrated circuits, and precision laser-controlled measurement is taking over from mechanical gauges, or cruder optoelectronic methods of measurement.

As integrated circuits replace many of the tasks previously performed by moving parts in circuitry, reliability increases accordingly. In the TV set for instance, solid state tuning is replacing mechanical tuning, and this helps to cut down service repair bills for owners. When

colour TV ownership eventually reaches 85 per cent of 20m households by 1985 in the U.K., the sets themselves should have a minimum number of parts in them, and require very little routine maintenance.

So in arriving at more reliable and space-saving devices, the problem of part failure has to a large extent been transferred off the circuit board and onto the interconnections links between individual boards in a system.

Contacts
At this very moment, a particular problem worrying many printed circuit board makers, using gold plated edge connectors (for government contract work) and the professional market) is that of obtaining "pore free" coatings of gold on the contacts themselves. It is important that when the boards are rack-mounted, with the board connectors securely seated into their sockets, that electrical continuity between connector and the socket spring is 100 per cent, and not intermittent.

The widening acceptance of the British Standards, BS9000 system for components in recent years has led to an overall improvement in the quality of parts used. But this has been at no small cost to the component manufacturers themselves. Recently they have had to bear an increased charge from the BSI when they sought product and capability approval.

Component manufacturers must now pay an initial inspection approval fee of £110 per generic specification. Renewal of the inspection approval costs them £75 per annum. For capability approval, a fee of £250 is charged per generic specification, with a renewal fee of £250. For the purchaser who uses BS approval parts in his equipment, it means that he is sure of getting quality assured products. It can also rationalise his parts-in department. Stocking is simplified, and retesting

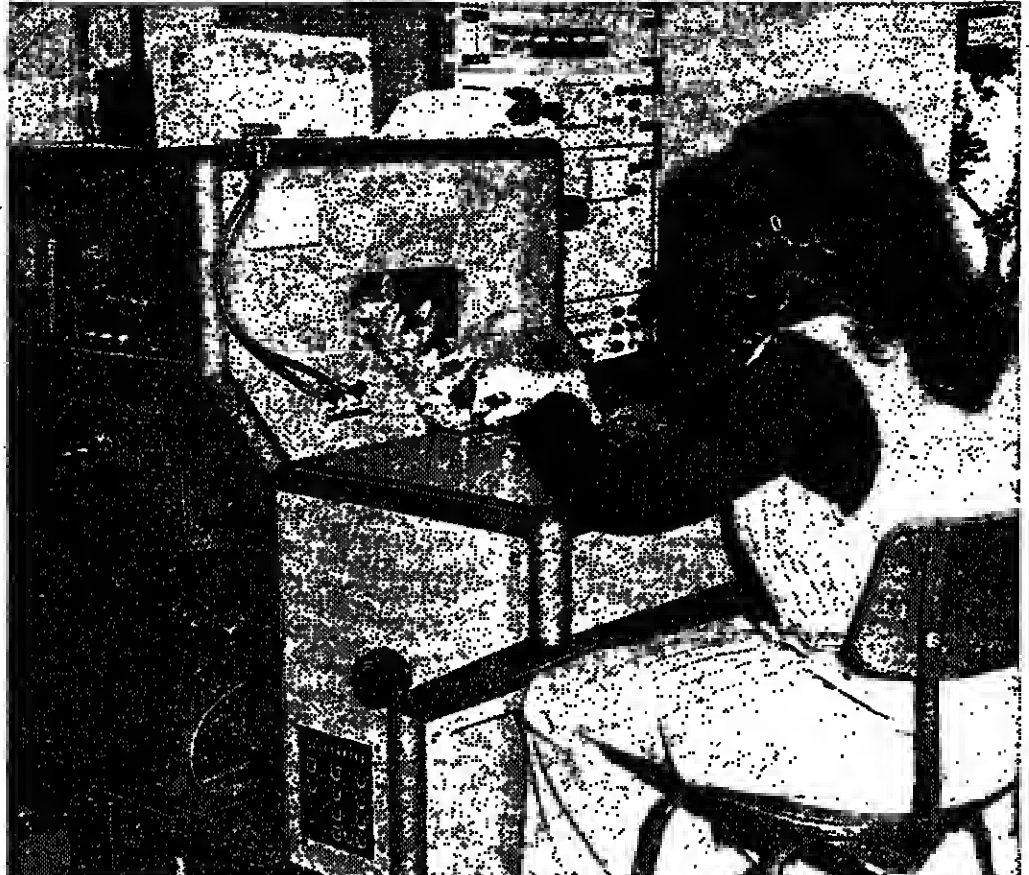
of the parts is omitted. His designers can save time when they draft out circuit drawings, and he can rest in the knowledge that his final product will be consistent in performance, and need less routine maintenance than was previously possible.

Over the long-term, harmonisation between the British BS9000 standard series and the major European standards will gradually come about. Progress is being made with the European CECC system to try to find common ground between the various Continental standards and the BSI system. It is heartening to know that so many individuals on various EEC technical committees are prepared to spend a lot of time and effort to hasten along a single standards series.

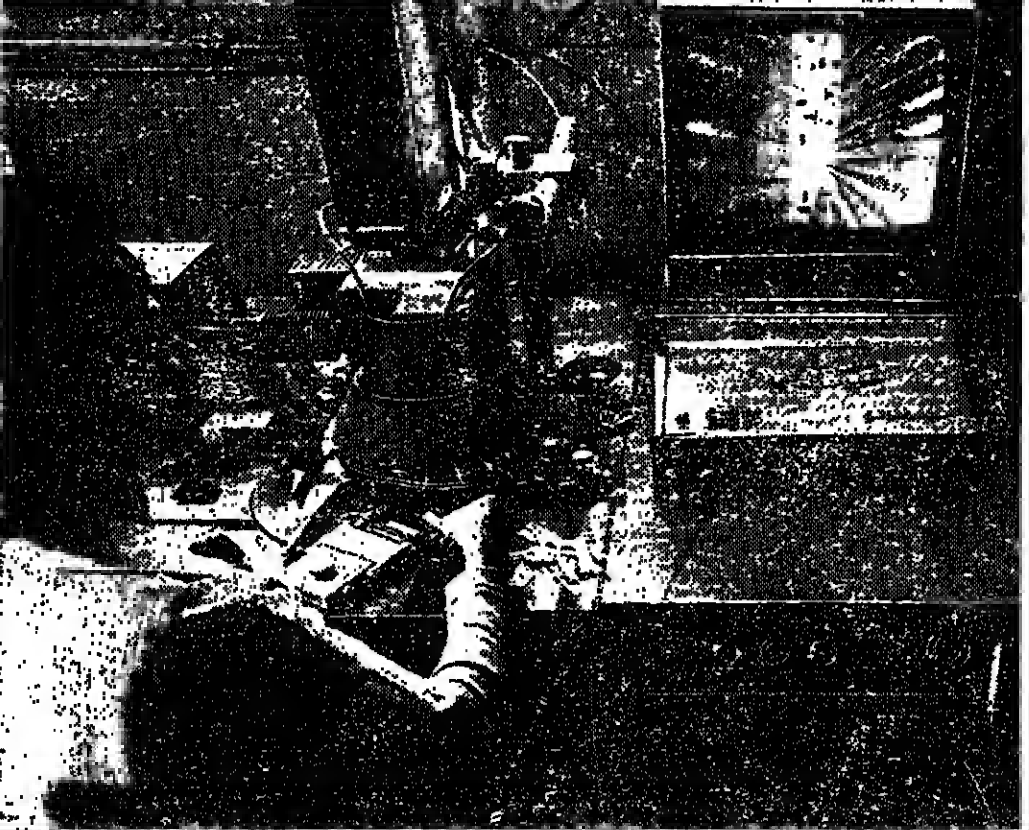
But the task is formidable. Many manufacturers both in the U.K. and on the Continent argue with force that delay in reaching agreement is deliberate, and that individual countries use their existing standards as barriers to bid behind. In this way, they say, a country can go on protecting its own component makers from outside competition for years. It now appears that the concept of component reliability is beginning to achieve a wider public recognition than was previously thought possible. In 1973 Plessey Connectors, of Northampton, won the British Council of Industrial Design Award for its printed switch. This switch was an improvement over previous rotary switch assemblies, and was apparently the first component ever to receive this recognition.

To-day, the Plessey Printed Switch is on display at the Design Centre, in London's Haymarket, as part of the Design Council's 21st anniversary in this jubilee year.

Paul Gregg
Technical Review
Correspondent,
Electronics Weekly



Two examples of automatic testing equipment. Above: Checking capacitors at Advance Filmcap, Wrexham, Wales. Below: Thickfilm hybrid substrates under test at Erie Electronics, Yarmouth.



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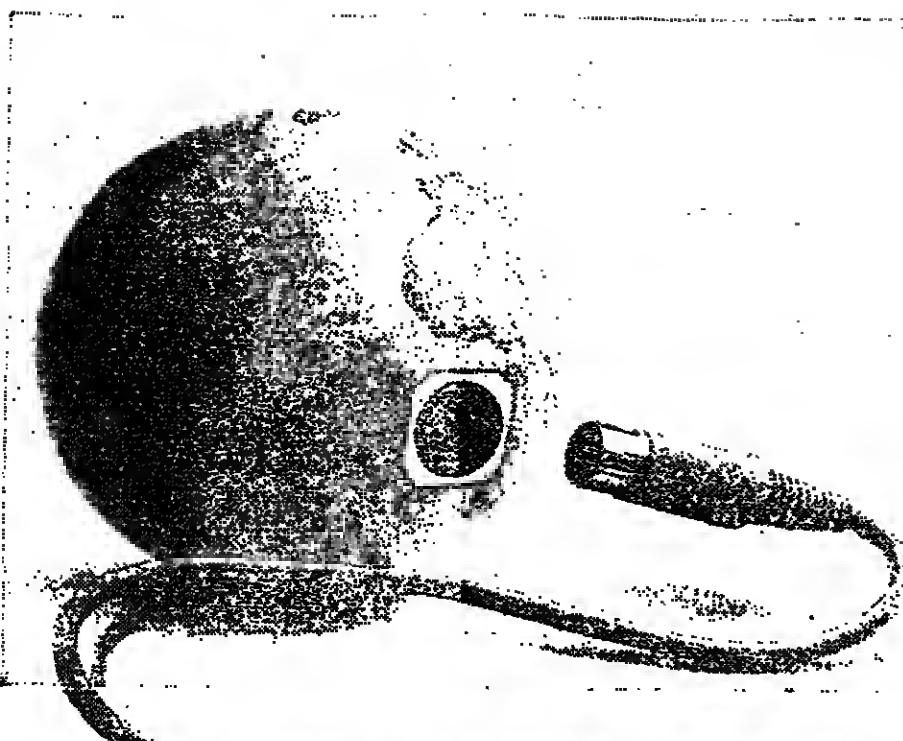


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ELECTRONIC COMPONENTS IV

Stringent tests for quality control



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SOME TEN years ago, when it became clear that the trend in electronic component engineering was to crowd more and more active units into triner and unier devices...

Yet tests there had to be because of the stringent demands imposed by such customers as the military and space research establishments...

It is hardly surprising that the makers of automated test equipment have had somewhat of a rough ride to keep up with the headlong progress of the device engineers...

Marked

Many of the biggest users of components in the U.K. have bought equipment worth around the £250,000 mark which will not only test the most complex chips now being offered but will also keep a "rogues gallery" account of deliveries so that unsatisfactory sources can be marked immediately.

Inevitably the test equipment itself is operated by computer, frequently one of the more powerful minis which have become available in the past three or four years...

Nevertheless, every device has to be put through very many tests at electronic speeds and the results recorded for testing to be meaningful and the operation can still be time-

consuming and require highly skilled staff to carry out and analyse.

It would be difficult to automate fully testing at the goods inward stage. But at the same time, as manufacturers move more and more into fully automated device assembly...

This is an area fraught with problems for users and distributors and to provide assistance on product assessment and testing Plessey's Product Assessment Laboratories has set up an Active Components Evaluation Facility...

Initially, services will be provided for discrete semiconductors, linear and digital integrated circuits. They will cover product approval assessment, device characterisation, comparative evaluation, preparation of specifications and analysis of applications...

Another reason for the H-P work is the fact that many digital circuits are too complex to test adequately with oscilloscopes because the trace their signals produce is too complex to examine.

H-P's signature analyser studies a long stream of hits from the equipment under test at a selected point in its circuitry. The stream is chopped up into segments after a transformation which, the inventors claim, immediately reveal where a fault is occurring with an accuracy of close on 100 per cent.

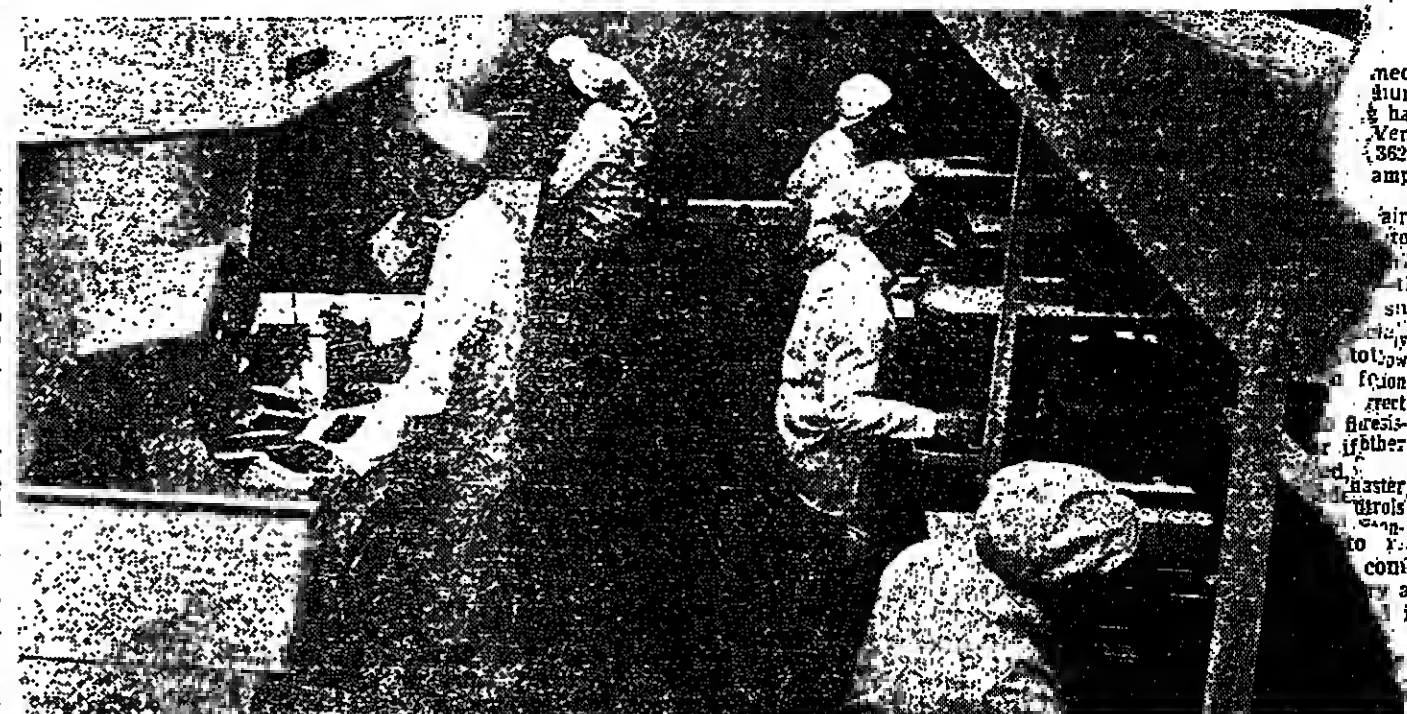
It is early days yet, since widespread use of this approach would mean that circuits would have to be designed for it, that is constructed in such a way that major components would be easy to replace by plugging in a new one rather than having to resort to a soldering iron.

It is hard to determine who now leads in the automated test equipment market when Fairchild, Teradyne, Tektronix and Macrodatta are running neck and neck in a number of areas.

But Fairchild appears to have the edge at the moment so far as dollar sales are concerned. All admit that the next step in memory will pose one problem, and the step after that an even greater headache.

So far only one U.K. company has been mentioned in the context of automated testing and while it is true that several U.K. groups have made a name for themselves in this type of equipment applied to aircraft avionics and weapons systems...

Ted Schoetes



Microscopic examination of the surface of complex component chips at the East Kilbride factory of Motorola, now being expanded to twice its capacity.

Pace of development poses problems

"YOU CAN'T hold off technology" cry the big semiconductor companies cheerfully, as they bring out new product after new product, each nearly outperforming last year's micro-miracle.

No, you can't hold back technology; but perhaps there is one thing that can do the job for you—perhaps technology will hold back technology. There are certainly enough people rooting for anyone or anything that can slow down the rate of technological advance.

To show just how absurd the rate of "progress" has become, take two products, one well-known, one which has been eclipsed before rising. Take the second one, a product designed to convert analogue signals to digital eight-bit code patterns, first.

The company, which is not alone in having fallen into the trap, and will therefore remain hopeless, used to manufacture A/D converters costing several hundred pounds, on a large printed circuit board. These devices gave 12 bits precision—that is, accuracy to one part in 4096—but since most of the people who wanted digital information were working with 8-bit microprocessors those days, the company decided to make a new device, to fit into a single microprocessor type quad-line package, which was eight bits wide.

The normal many thousands of dollars worth of R and D was spent designing three integrated circuit "chips" which included as much as possible of the components formerly painstakingly and expensively assembled on the board, and which were now bonded on to a miniature "hybrid" printed circuit assembly, designed to plug onto a microprocessor system board.

The final cost of this sophisticated device was around £100—reflecting the savings in assembly over the printed circuit board, but still costlier than would be a single, large-scale integration of the circuit if it were technologically feasible.

First details of this wonderful example of applied technology had been leaked to the Press, together with initial hints on how the new device would be used with the most

standard microprocessor, the Intel 8080A, and the company was just starting to tuck in its nib for the feast, when, in January this year, the big semiconductor makers emerged from the Jecdec conference in Dallas with the agreed performance specifications of second generation CMOS—complementary metal-oxide silicon.

Goodbye

Among the products which they all have on the stocks for release this year, it seems, is a CMOS LSI chip for A/D conversion. It should sell for well under £10. Goodbye the £100 hybrid!

On a slightly less irritating time-frame, but equally illustrative of the quandary which modern electronics designers find themselves in, consider the case of Intel and the 8085. As anybody who knows his alpha-numeric can instantly tell you, the first 80 was the 8008, the second was the 8080, and now we have the 8085. By the end of the year, we will have the 8086—a 16-bit microprocessor designed to challenge Texas Instruments with its 9900.

But the interesting and unremarked fact is that until the first two months of this year, the top-selling micro was not, of course, the sophisticated, fast, single power supply 8085. It was not even the old multi-chip systems maze maker, the dual power supply 8080. It was the 8008, which pundits have been describing as obsolete for two years now.

If the suppliers have this much trouble, how about the users? One of the U.K.'s self-made microprocessor selling giants, distributor Dave Griffin of Cramer, has recently been taking a seminar circuit around the country, comparing the three devices he is franchised to sell, and giving eager audience useful tips on how to get about designing with them.

One of his divisional managers, John Lythall, summed up the problems of the "first design" by a company using microprocessors, as "work out what it will cost you in man-hours, include a generous

allowance for training staff—and then double the total."

That rule of thumb, applied to the 8008, explains why designs using it are still appearing on the market for the first time.

But it also means something else—something far more radical than can be realised by merely comparing the current technological revolution, the microprocessor, with the previous revolution caused by TTL—the integrated transistor-transistor logic gate.

The radical difference is software, and the reason it is different from the TTL designer, is that it remains with the company that employs the software designer. And much of the software written for a first design, is applicable to the second—providing it can be used.

Historically, it could not. The design of the 8008 dictated its computer architecture—how the registers worked, how many clock cycles to execute a given instruction, how many instructions and so on. The hardware advances made by the time of the 8080 allowed a more sophisticated architecture, and by the time Motorola produced its upgrade, the 6800, even smother software features were included.

But by this time, the investment in software had become significant. Both Intel itself, and "whizzkid" Zilog, decided to produce upgrades of the 8080 that included, almost exactly, its original features, despite hardware capabilities that could have produced an infinitely more sophisticated computing device. They could run the original software.

The fact is that consumer resistance to new designs has become more than merely psychological. Nobody is prepared to go through the first-design project twice, and the work involved in converting to a new microprocessor is equivalent to very nearly that.

The industry has drawn some odd conclusions from this phenomenon. One of the least credible, but most popular, is that micro designs will be replaced by "custom chip" circuits, in the way that a bread-board of TTL was (and still is) reduced to LSI circuitry.

This attractive fallacy may come to apply to a few very

large-scale projects, such as the design of a motor-car micro for General Motors by Motorola and Delco, based on the 6800; or such as the ITT washing-machine chip. But once the software expertise is more readily available in the company—and in the open market—the second-project development savings possible by re-using software, will quickly swing the economic balance, by offering quicker products than can be achieved through custom circuit designs.

Looking into the future, what is certain is that more sophisticated hardware will be available. But from the point of view of the designer, it will look like the old, only use less power, fewer chips, and run faster.

Techniques

At Texas Instruments, a company more renowned for its phenomenal production capacities than its technological lead, Stuart Kitchiner, integrated circuit sales chief in Bedford, speaks confidently of producing chips in current silicon technologies, but with X-ray and electron-beam imaging techniques used to get 100 times the circuitry in the same chip area. "But although we can't see the end of the step-function increases in technology, the software will remain," he reckons. "We couldn't support another major micro family. The 9900 has got to last us another six or seven years, at least."

In the same way, Intel will almost certainly stay with 8080 instructions, even going 16 bits. So will Zilog. And Motorola will stay 6800, even with the Delco derivative. Even when all the devices are 32 bits wide, and have 24K of read and write memory (RAM) plus I/O controllers all on one chip.

Just as the world begins to understand electronics again, a new invention will come. What it will be, who can say—but it will stick my neck out, and that micro designs will be replaced by "custom chip" circuits, in the way that a bread-board of TTL was (and still is) reduced to LSI circuitry.

This attractive fallacy may come to apply to a few very

Guy Kewney

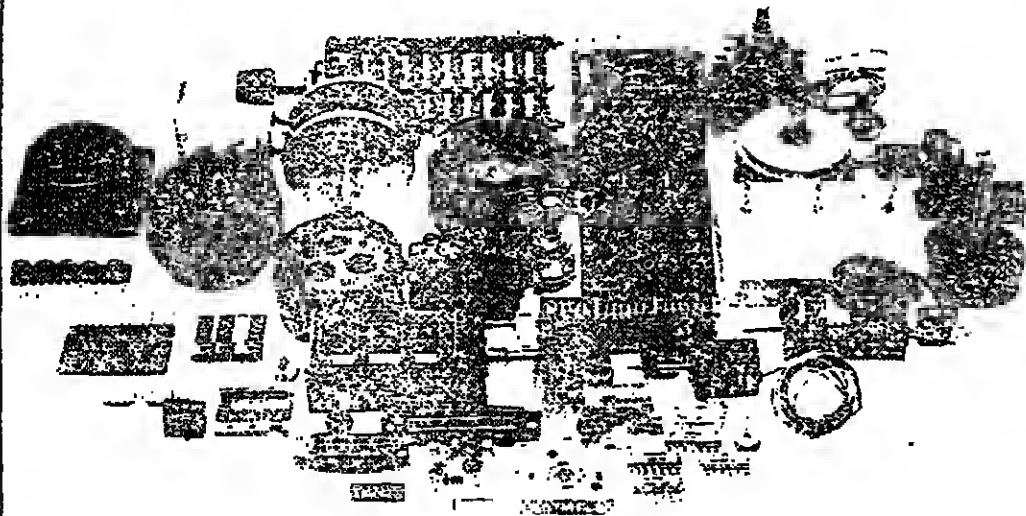
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July 1975

ELECTRONIC COMPONENTS V

The industry's wares on show

MORE COMPLEX the device bought as a component, though it may be a component in its own right or a high-capacity memory, the more emphasis has to be laid on the user — passive — components which go into the construction of the final equipment and many of the companies showing their wares at ILECS, the 28th International London Electronic Components exhibition (Olympia, May 17 to 20) are presenting the work they have done to make the latest "gee-whizz" products function reliably.

It is pointed out by one exhibitor, Electronic Services and Products (ESP), that in a typical electronic instrument 30 per cent of the components are capacitors and that in 90 per cent of cases of failure these instruments, capacitors

were the cause. ESP, naturally, has a product to remedy this deficiency, a digital meter which uses a capacitance technique to determine, rapidly, all the important characteristics of a capacitor. With this unit goes a decade box which gives a timing range from 1 microsecond to 100 seconds, though whether a designer will ever have to use the latter facility is a moot point.

Connectors and methods of achieving first-class joins in wiring are another strong point which underlines the fact that the design of connectors brings in so many disciplines as it demands working knowledge of many materials, including high-cost plastics and alloys, as well as plastics and plastics moulding techniques.

The doyen of the connector world, Sealectro, will be showing a selection from its huge repertoire, but also such devices as terminals and card and badge readers, including a prototype low-cost and lightweight reader with photo-optic hole sensing.

BICC-Burndy in this sector will have on view many of its specialist connectors for printed circuit boards and telecommunications work, including recently available Bantam circular connectors and Flexlok flexible connectors.

Meeting the interest for the newer insulation materials is the exhibit from Concordia Electric Wire and Cable which has on view for the first time a polyesterimide insulated wire which has a protective polyamide-imide top coat. Heat-resisting pvc and various other

formulations to British standards and customer specifications are also shown and the company's specialist service illustrated.

Adcola Products has an exhibit devoted to soldering instruments and accessories of U.K. design including its Unit 101 50W soldering station which has been designed specifically with the protection of voltage-sensitive components in mind.

Earthed

Accurate control of soldering temperature is provided to within ± 2 per cent of indicated dial temperature and voltage transients are eliminated while the tool is totally earthed from supply input to the soldering bit. This cuts out the leakage currents dangerous to the I.S.T.s.

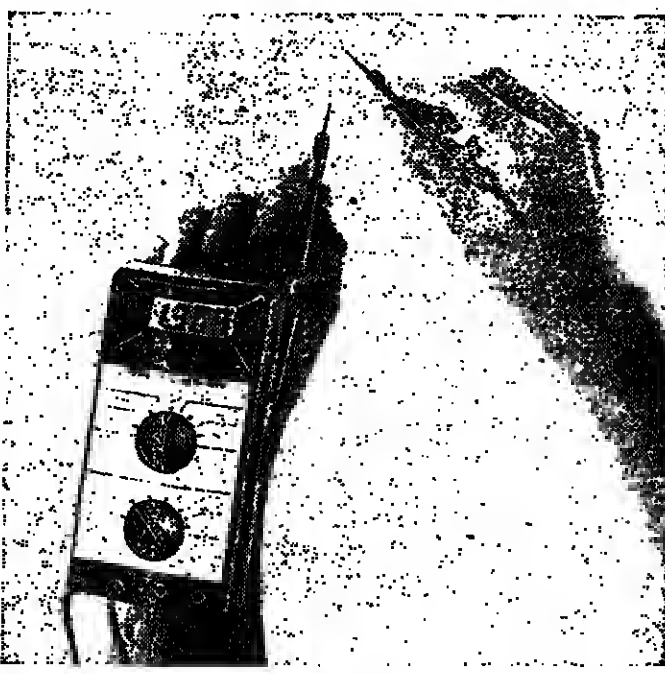
Wire-wrapping is another interconnection technique, illustrated by Augat Group on its stand through the computer-controlled unit presented by Datatex. The computer used in this equipment remembers various interconnection patterns, selected on demand, and takes the wire wrapping head from post to post as required without mistakes, however complex the pattern. This means a great time saving and an elimination of human error compared with a manual approach, even when the human operators are helped by automated aids.

In the same order of ideas is the hand-operated tool which can cut and set the leads of a wire-wrapped component to any predetermined pitch in just one operation. This is by Spear Engineering which also specialises in the design of poses.

Model 22 has a 200-hour operating life on one battery set, a clear liquid crystal display and ability to cope with ac and dc volts, ac and dc current and resistance and has a claimed accuracy of 0.1 per cent.

For the first time in Britain, Plessey will be demonstrating its contactless electronic keyboard which operates through capacitance coupled keyswitches. It has no electrical connections other than those of the underlying printed circuit board and thus cuts out all the mechanical stresses which can affect boards linked with keys used to operate switches.

It has been designed specifically for the peripherals and computer equipment market as a replacement for the contacting family of keyboards.



Above, with both hands free, a technician probes a circuit using the Telonic Altair (Datotech) wrist-portable digital multimeter, first of its type anywhere. Below, the ESP company's capacitance tester is shown in use with the company's decade box to test the characteristics of capacitors incorporated into complex digital circuits.

Custom-design services

IN SPITE the overwhelming manufacturers are encouraging increase in the use of standard design, the use of programmable logic devices, the introduction of the microprocessor, in several applications the dedicated integrated circuit is still the most efficient answer for electronic equipment design.

There is a booming market in custom design, custom building and semiconductor manufacturers operate in this field, report expansion of business, with more orders coming from elsewhere in Europe as well as from the U.S., Japan, the U.K., semiconductor houses are, for example, speeded large orders from Japan and the U.S. supply "purpose-built" integrated circuits for use in CB radio equipment. Other recent UK "manufacture" of customer design chips include Thompson's "CEP" for its European system, AEG's defuncted with frequency synthesizers, and even the U.S. electronics giant TI which Plessey has supplied with an unadorned custom-built IC.

Advantages of dedicated circuit can lie in performance, reliability and, in large volume applications, on cost. Another primary motive for taking the custom design route to electronic equipment design is for commercial security reasons. According to Plessey Semiconductor, which estimates that 40 per cent of its business is in custom design with around 600 custom devices now in production, customers choose custom design for three reasons. Ken Bradshaw, marketing manager, explains: "Customers may need a technology of a new design in order to achieve their required performance. Here custom design provides security design investment." Secondly, "The customer may have some unique solution to a specific problem in a competitive market position. Another motive may be to optimise the use of large-scale integrated circuit production."

functions. Ferranti claims to have had great success with its ULAs over the past two years and to hold existing orders worth £2m.

Now Plessey is also offering ULAs as an extension of its custom design activities. Currently it has one device which is a relatively slow, small array of resistor-transistor gates. But the company has plans to expand its range with two more ULAs which would well bring the use of ULAs into more demanding applications. The new Plessey devices are a 100-gate emitter-coupled logic array for use in high-speed computing applications, and a huge 1,000-gate array which uses the new bipolar technology called I.L.

Speeds

The 1,000-gate array could be used in applications where operating speeds above those achieved with current MOS devices are required, and where power requirements are at a premium. A further advantage of the new FL array will be that it can incorporate both digital and linear functions, although early versions are not expected to be optimised for linear operation.

Plessey plans to introduce the ECL array in September, according to Ken Bradshaw, with the FL array following early next year. Already samples of the ECL array are with prospective customers, he says. Bradshaw claims that Plessey will dominate the ULA market by 1980, which he estimates to be worth a total of around £250m.

Ferranti sees the ULA as the answer to the threat posed to custom design by the microprocessor. According to Alan Williamson, Product Marketing Manager for ICs, there is increasing use of ULAs to perform the peripheral functions around the central processing unit of a microprocessor. These are generally performed by IC sets, or discrete components. ULAs can therefore cash in on the microprocessor boom.

But the real strength of ULAs is that they can be simply and quickly implemented in the customer's design requirements. The circuits are 80 per cent standard, says Ferranti, and only require one extra masking stage to be completed. This final process dictates the aluminium connections between the logic elements and defines the function of the chip.

According to Ferranti the design of this connection mask is analogous to printed circuit board design and is therefore a familiar process to most customers. The company offers customers' engineers a two-week training course to enable them to perform their own mask design if required. This simple approach allows ULA designs to be completed within a matter of a few weeks which cuts down design costs considerably, and makes them particularly attractive to equipment manufacturers needing a quick solution in competitive markets.

Ferranti answers criticisms of inefficient use of chip space by saying that in many designs the circuits are equivalent in packing density to purpose built LSI circuits.

The ULA is seen by manufacturers as offering the best of both worlds; the speed of design with standard circuits, and the security and repeatability of custom design. What it means to the customers could be a lowering of the threshold above which custom design becomes a viable approach to electronic equipment design.

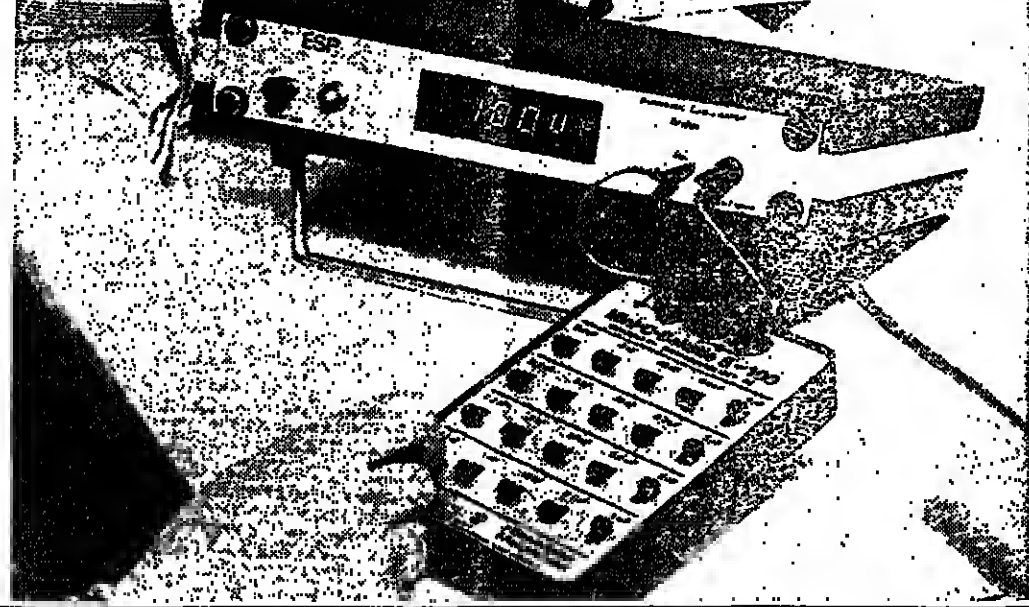
Ted Schoeters

Completely new is a series of power supplies up to 100 kV designated C Series "Computer Ready".

An NSF (Lucas Group) development is the Heleneid, which describes a solenoid capable of making movements of up to one millimetre in under one millisecond at high thrust ratings.

It is capable of providing as much as 300 lbf from a device only 38 mm. in diameter and 50 mm. in length. But at the same time, the Heleneid is capable of fast repetitive movement over long periods of time and a smaller device than the above-mentioned one has completed 44m. cycles at a frequency of 46 Hz on an operating force of about 50 lbf.

And since on-the-wrist devices are all the rage, the Penril/Data Tech — Telonic — hand-mounted digital multimeter will undoubtedly attract attention since it is obvious from first view that it leaves a technician both hands free to operate the probes required for testing purposes.



Approaches

Pye has used Plessey and General Instruments as production houses for its latest venture. The company can furnish layout data to semiconductor manufacturers so that they can make the chips on any standard MOS production line without even knowing what the circuits are for.

A short-cut to custom design is, however, offered by an all-purpose logic circuit pioneered in the U.K. by Ferranti. The so-called uncommitted logic array is a matrix of logic gates which can be connected in any required pattern to specify its

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PARLIAMENT and POLITICS

PM looks for next mortgage rate fall

BY IVOR OWEN, PARLIAMENTARY STAFF

ANOTHER FALL in building society interest rates "soon" was forecast by the Prime Minister in the Commons yesterday when he again claimed that most of the economic indicators are moving in the right direction.

While he pointed to the rise in Britain's official reserves and the continuing steady decline in interest rates, Mrs. Margaret Thatcher, Opposition Leader, asserted that since Labour returned to power in 1974, Britain had had the worst record on inflation of any European country except Iceland.

Mr. Callaghan reaffirmed his view that the inflation rate will continue to fall in the second half of this year and in the first quarter of 1978.

He accused Tory backbenchers of abowing "glee" at the decision of the AUEW conference against participation in another round of pay restraint and for a return to free collective bargaining in August.

Right way

"We must over the next two to three months, try to work for a policy which will relieve those pressures," he said.

Dealing with a suggestion by Mr. Flannery that the way to relieve the pressures was to reflate the economy, Mr. Callaghan assured him that the Government would be ready to reflate

the moment Britain's economic position justified such action. "Things are going the right way," he stressed.

Mr. Norman Tebbit (C. Chingford) asked the Prime Minister to indicate if it was the employers or the trade unionists who were not sufficiently responsible to be trusted with free collective bargaining.

Refusing to discuss the matter in such terms, Mr. Callaghan said experience had shown that pressure on employers led them to offer high rates and this example was followed by other employers in order to get labour.

Now the future of Britain was involved and the Government was determined to make another effort to secure agreement on a further phase of incomes policy.

Callaghan denies changing Hansard

TEMPERS FLARED in the Commons yesterday over a Hansard report of what the Prime Minister said or did not say—in the House on Tuesday about Government policy on aid to liberation movements.

Mr. Callaghan was replying to an allegation by Mr. John Davies, shadow Foreign Secretary, at the end of the exchanges, Mr. Davies withdrew "anything which, in any sense, sought to damage Mr. Callaghan's honour or position."

The Prime Minister confessed that he did not remember whether he had used the word "every" which the row was all about—or not.

Mr. Davies had questioned Dr. David Owen, Foreign Secretary, in the Commons on Wednesday about the Hansard report of the previous day's proceedings. He said he had heard the Prime Minister say that the Government had always given humanitarian and other aid to liberation movements, but the Hansard report had left out "always."

Mr. Callaghan added: "It would not come amiss if you were to apologise."

Mr. Davies, in a background of rising tempers, said he had received a letter from the editor of Hansard saying he had been in error in correcting the phrase. "Worse than Wilson!"

Mr. Callaghan complained that Mr. Davies had said that he, the Prime Minister, had altered Hansard. Neither he nor anyone else, had gone to Hansard on his behalf, as Mr. Davies would have known if he had been in touch with him or sent somebody to No. 10.

Such an inquiry would have saved the headlines in the newspapers saying "Callaghan alters Hansard." He invited Mr. Davies to withdraw his remarks.

Mr. Davies said he could not withdraw his concern that a statement by the Prime Minister, which had been heard by MPs and reported in the Press, should be otherwise reported in Hansard.

But he added: "I withdraw wholly anything which, in any sense, sought to damage the Prime Minister's honour or position in this matter. It was not my intention."

Powell pledges support for Ulster rule of law

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PEOPLE of Northern Ireland are demonstrating their desire to work normally in the face of threat and intimidation.

Mr. Don Concannon, Minister of State for Northern Ireland, told the Commons yesterday. Reviewing the first three days of the strike called by the United Ulster Action Council, he said indications were that the turnout for work yesterday had been the highest yet, with most firms reporting a normal level of activity.

At the same time, he agreed that the intimidation and picketing by the Protestant paramilitaries seemed to have been stepped up rather aggressively. This had been demonstrated by the incident yesterday in which Mr. Harold McCusker, Ulster Unionist MP for Armagh, had been beaten up outside the court house at Armagh.

Mr. Concannon received full support from all sides of the House for the firm line which the Government is taking over the strike. There was particularly strong backing for the Government by Mr. Ernest Powell (Down S.), on behalf of the Ulster Unionists.

Mr. Concannon was asked by Mr. Philip Goodhart (C. Bromley and Beckenham) for an assurance that there would be no discussion with leaders of the strike on constitutional issues, so long as the strike continued.

The Minister replied: "If you are talking about the hully-boys, the leaders of the strike and the paramilitaries, I can give that assurance."

Mr. Concannon told the House that although the harbour at Larne had been closed yesterday, most public services were continuing to operate normally, and bread and milk were being delivered as usual.

The Duke of Montrose, former member of the rebel Rhodesian Cabinet, knew that if he came to Britain individuals could take out a private prosecution against him, Lord PEARL, Leader of the Rhinoceros, told the Lords yesterday.

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"There is the possibility that a private citizen might attempt to institute a prosecution and there would be no way of stopping such an attempt being made."

The method chosen by the Action Council merely distracted the security forces from their efforts against the Provisional IRA. "A continuation of present tactics by the supporters of the strike will only aid the terrorists," Mr. Concannon declared.

There were cheers of support as Mr. Powell told him that the events of the last few days were proving the commitment of the overwhelming majority of people in Northern Ireland to constitutional action to maintain the rule of law. "It is the determination of my honourable friends and myself to see that they are not disappointed in putting their confidence there," he added.

Mr. Bob Mellish (Lab., Bermondsey) asked about reports that the Ulster power workers, including those at the Ballylumford power station, were coming out on strike. Mr. Concannon told him that when he had left Ulster that morning, the power station at Ballylumford was working normally.

Mr. Alvin Neave, shadow Northern Ireland Secretary, promised the continued support of the Conservative Party, and Mr. Clement Freud made the same promise for the Liberals. In a reference to the Rev. Ian Paisley, who has been excluded from the coalition of Ulster Unionists of Westminster, Mr. Concannon said that everybody in the House had supported the line taken on the strike by Mr. Roy Mason, Northern Ireland Secretary.

He also referred to a report that Mr. Paisley, who represents Antrim North, had said he would not continue to sit in the Commons.

Mr. Concannon said that Mr. Paisley had now firmly committed himself to the strike in Northern Ireland and was not drawing his Parliamentary salary.

The wearing of masks by the Government to be more robust in their attitude. If someone is engaged in unacceptable picketing and is wearing a mask, surely it is self-evident that he is obstructing the police in the exercise of their duty, part of which is to identify offenders and arrest them."

For the Government, Lord Donaldson agreed that intimidation was illegal if it was accompanied by threats whether the stoppage was industrial or not. A number of people had been arrested.

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Football hooligan proposal hits snag

Financial Times Reporter

THE HOME OFFICE is considering an extensive scheme to make soccer hooligans to police stations or, alternatively, to the police, who argue that they mean a drain on manpower.

Revealing this in the Commons yesterday, Mr. Home Secretary, said he was extending the present hooligan junior attendance centres.

He pointed out that in dealing with hooligans the Home Office was developing rapidly. Some MPs were asking about its two residential centres, centres used for 12-17 year olds.

Mr. John MacGregor (C. North S.) said he was asking about the lack of facilities for dealing with "these thugs" of hooligans, especially on Saturday afternoons.

Mr. Rees admitted that he was baffled by the actions of some young soccer fans. He said that after reading a report of one match involving Manchester United, he discovered that one fan had been arrested, when they were told: "These are boys who you would expect from a young child. It is an extraordinary situation and it may be that the views we have got on this are wrong, because we just do not understand it."

Mr. William Whitelaw, shadow Home Secretary, argued that the common sense answer was to prevent hooligans attending matches where they could cause trouble. The solution could well be a combination of attendance centres for youngsters as well as older offenders, plus community service—remedies to which magistrates should have their attention drawn, Mr. Whitelaw declared.

Mr. Shirely Summerville, Under-Secretary of State at the Home Office, told MPs that the figure had risen to about 10,000 in 1975 compared to 70,000 in 1971.

She had been asked about the lifting and particularly the new methods employed by Mr. Robert Adley (C. Christchurch and Lyberton).

Mr. Adley asked if the Government was studying the question of age shopping and if the Ministers attributed the simultaneous increase in the number of food supermarkets with a number of shoplifting prosecutions.

Dr. Summerskill said: "Figures for offences in different types of shop are not available, and cannot therefore show how far, at all, the increase in the number of food supermarkets contributes to this increase."

She pointed out that trading methods adopted by companies was strictly a matter for the retailer. It was not the business of the Government to encourage the retailers in these cases.

She pointed out that although it had made no recommendation to the Government for action, it had passed a number of letters and the Home Office was encouraging the retailers to adopt them.

Mr. Adley said it was unusual for the Home Office to insist that this was a matter for the stores if it was known the system led to an increase in crime.

He argued that the trading methods adopted by supermarkets were directly responsible for the increase in shoplifting.

Funds for parks and play areas in S. Wales

THE Welsh Development Agency is to spend £150,000 to set up schemes to provide playgrounds, sports fields, and play areas in Merthyr Tydfil.

It is also laying out funds towards playing areas in an old and now decaying park in Cardiff.

Queen's unity call 'made on advice of Ministers'

BY IVOR OWEN, PARLIAMENTARY STAFF

WITH A FEW deft touches in the Commons yesterday, the Prime Minister acted swiftly to avert any further involvement of the Queen in the political controversy over whether devolution could lead to the break-up of the U.K.

In the course of good-tempered and, at times, light-hearted question time exchanges, he made it clear that her striking plea to Parliament on Wednesday to ensure the continuing unity of the kingdom should be regarded as having been made on the advice of Ministers.

Policy

The Queen's words, addressed to MPs and peers when she replied to congratulations from Commons and Lords on her Silver Jubilee, led to immediate criticism from Scottish National MPs.

Reading what he described as a "considered reply" to a question from Mr. Donald Stewart, speech on Wednesday appeared to have upset Mrs. Windsor told the House: "The Queen's Ewing and other loyalists in the to MPs and peers when she

not a statement of Government policy like the speech from the throne. He added: "It was a personal response by the Queen which should certainly be regarded as having been made on the advice of Ministers as are all Her Majesty's speeches. I saw it myself before it was delivered and saw no reason to propose any alteration."

The Prime Minister's words were warmly cheered from both sides of the House. Mr. Callaghan advised MPs to read the Queen's speech again and said this would show that it specifically recognised the strength of feeling on the devolution of government to Scotland and Wales and stressed the benefits of maintaining the integrity of the U.K. "That remains the policy of the Government," he declared.

Earlier, in light-hearted vein, Mr. Dennis Canavan (Lab. Strathgordon) suggested that the PM should send a message to the Queen warning her that her speech on Wednesday appeared to have upset Mrs. Windsor told the House: "The Queen's Ewing and other loyalists in the to MPs and peers when she

He joked: "They now appear intent on replacing the monarch by another Old Pretender who has got ambitions of becoming Winnie, Queen of Scots." Amid general laughter, Mr. Canavan seemed to be as much in time with the sentiment of the House as was the speech of Her Majesty on Wednesday.

Useful

Mr. Stewart jokingly suggested that as a member of the House of Stuart, with all its loyalty to Her Majesty, there might be better claimants than that advanced by Mr. Canavan. Replying to Mr. David Steel, the Liberal leader, the Prime Minister recalled that the House gave a second reading to the devolution Bill by a substantial majority.

He thought it would be useful if the House could agree to make progress with it. If necessary, certain changes could be made to meet the real demands of the Scottish and Welsh people who could then decide the matter for themselves in a referendum.

Mr. Callaghan added: "It would not come amiss if you were to apologise."

Mr. Davies, in a background of rising tempers, said he had received a letter from the editor of Hansard saying he had been in error in correcting the phrase. "Worse than Wilson!"

Mr. Callaghan complained that Mr. Davies had said that he, the Prime Minister, had altered Hansard. Neither he nor anyone else, had gone to Hansard on his behalf, as Mr. Davies would have known if he had been in touch with him or sent somebody to No. 10.

Such an inquiry would have saved the headlines in the newspapers saying "Callaghan alters Hansard." He invited Mr. Davies to withdraw his remarks.

Mr. Davies said he could not withdraw his concern that a statement by the Prime Minister, which had been heard by MPs and reported in the Press, should be otherwise reported in Hansard.

But he added: "I withdraw wholly anything which, in any sense, sought to damage the Prime Minister's honour or position in this matter. It was not my intention."

Montrose has not sought U.K. entry, peers told

THE DUKE of Montrose, former member of the rebel Rhodesian Cabinet, knew that if he came to Britain individuals could take out a private prosecution against him, Lord PEARL, Leader of the Rhinoceros, told the Lords yesterday.

But he assured peers that the matter was far from that stage. Lord PEARL said the Duke was in receipt of a writ of summons to attend the Lords. He was also subject to the Southern Rhodesia Immigration Act, Order, 1972, under which a person who would otherwise be entitled to enter this country might be refused entry.

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Shoplifting shows steep rise

Financial Times Reporter

A DRAMATIC increase in the number of people prosecuted and cautioned for shoplifting in Scotland and Wales was disclosed yesterday in the Commons.

Mr. Shirely Summerville, Under-Secretary of State at the Home Office, told MPs that the figure had risen to about 10,000 in 1975 compared to 70,000 in 1971.

She had been asked about the lifting and particularly the new methods employed by Mr. Robert Adley (C. Christchurch and Lyberton).

Mr. Adley asked if the Government was studying the question of age shopping and if the Ministers attributed the simultaneous increase in the number of food supermarkets with a number of shoplifting prosecutions.

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Wang advertisement for computers. Text: 'For 25 years the American small computer specialist has developed equipment suited to all sorts and all sizes of companies. High reliability, state-of-the-art technology and competitive pricing have made Wang's reputation throughout the world.' Includes image of a computer terminal and a logo with 'WANG' in a circle.

Handwritten note: 'copy 1:50'

Joy, no like

The Management Page

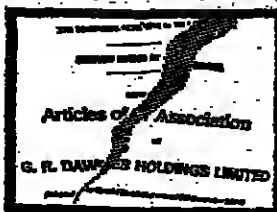
EDITED BY CHRISTOPHER LORENZ

HAVE arrived at a point where we can't win and we lose." Thus, Mr. Howard, chairman of G.R. Dawes, described the position of Birmingham-based banked industrial group just months ago when he noted its performance in the financial year.

Mr. Dawes may not then realised how prophetic remark would prove to be, week, he announced to wind up the company make a capital payment of 20p on each share.

The unusual aspect of this proposal is that it envisages a "reholders' voluntary liquidation, and not, as has so often been the case in the past three or four years, a compulsory liquidation made necessary by the company's insolvency. Dawes certainly not insolvent, indeed it anticipates a minimum payment of 125p a share.

But its industrial side, where interests range from drop forging to plastic mouldings, and the banking side, where the G.R. Dawes and Co. subsidiary emerged from the secondary banking debacle in an extremely liquid position, and



A profit-maker this week baulked at the future Solvent—but bowing out

By Nicholas Leslie

In mid-1973. Then known as the Neville Group, it sold a subsidiary called Country Kitchen Foods for £4m, as part of a reorganisation aimed at increasing the emphasis on banking (a further £2.5m of capital was pumped into this side of the business) while at the same time creating a more even balance between banking and industrial interests. The industrial side subsequently rested largely in three subsidiaries involved in drop forging and beat treatment, plastic moulded products and a departmental discount store.

Because of the reorganisation, the company got its share listing suspended in mid-1973. It was unfortunate that the secondary banking crisis developed just a few months later, because the uncertainty it created in the

banking market not only affected business, but made the company loath to seek a quotation for its shares until October, 1973. Assets of the holding company are now divided roughly 50:50 between banking and industrial, but it is the latter which provides the larger slice of group profits.

According to Howard Dawes, the main Board's philosophy is to allow the subsidiary companies considerable autonomy, each with its own managing, sales and financial directors and often a technical director. This leaves them free to plan their own strategies, with the main Board's principal involvement being in discussing budgets and cash flow forecasts.

Because the subsidiaries always stand on their own feet,

enough to support the type of investment needed.

The situation for the banking subsidiary is somewhat different. A necessarily cautious approach to business in the past four years means it is now a "cash box" with a high ratio of deposits to loans and most assets being in easily realisable form. Since it is unlikely to be given authorised status by the Bank of England it cannot compete effectively with other banks in deposit/loans business, and to invest more funds in other areas like property or land would be unattractive to shareholders. This is because any profitable sale of such property or land would give the company an internal capital gains tax liability, while any on-going benefit in the form of improved share price would subject the shareholder to a further gains tax liability if he sold his shares.

Family tax

The upshot, therefore, is a group facing considerable problems in going forward under its present philosophy and unwilling to change it, but

"TO-DAY, THE British industrialist has to spend too much time trying to keep his business from falling into the hands of those who would steal it. We are faced with a situation which appeals people overseas, but which seems to be getting worse."

Sir Frank Taylor's views on growing state intervention in industry and commerce are blunt and highly controversial and have been formed during the 55 years it has taken him to build Taylor Woodrow from a small Blackpool contracting company into one of the giants of the international civil engineering and construction world, with a turnover now well over £400m a year.

His views as a champion of free enterprise and critic of what he calls the "something for nothing brigade" have kept him in the public eye for many years and his opinions have helped establish him as a close friend of senior Conservative politicians as well as a force to be reckoned with in the rough and tought business of building.

Few could deny that Sir Frank's strategy, based on what he thinks may, in some circles, be regarded as the "old fashioned" principles of integrity, strength of character and loyalty, has provided him with the successful recipe for his own company.

In early April, Taylor Woodrow revealed record profits—nearly £21m—for the 16th consecutive year and soon afterwards learnt that its international operation had won the Queen's Award for Export Achievement for the second

The controversial architect of Taylor Woodrow's long success, 72-year-old Sir Frank Taylor, talks to Michael Cassell.

Building on paternalist foundations

At 72, Sir Frank retains the managing directorship of the group and his grip seems firm. To those who accuse him of running a paternalistic enterprise in which "star prizes" are awarded for good ideas, employees are picked out for free-seaside holidays and everyone is addressed as "team member," he points to the record and claims that his employees are as anxious to maintain the present management style as he is himself.

He does not believe it is wrong to circulate literature of a distinctly political flavour among employees or to reprint anti-socialist articles and "cautionary tales" in his group's house magazine. Busi-



ness and politics, he says, used to be kept apart but this was no longer possible and the opponents of his ideals had to be matched at their own game.

People, Sir Frank emphasises, may not show up in the balance sheet but they are any company's most valuable asset. "Too many managements treat employees as minions. Too many do not bother to say "well done" or "thank you" when they should. To inspire allegiance you have to encourage effort and reward when it is due. Then, when things get tough, you can count on them."

Sir Frank acknowledges that his theories are easy to expound

but perhaps more difficult for the outsider to observe in action. To confound the cynics, he is keen to provide examples of how his boardroom theories are converted into practice.

If he really believes that the employee is all-important, why is he prepared to resist the current clamour for greater employee participation in the running of a company's affairs and the call for worker directors? Taylor Woodrow, he claims, has genuine worker directors, with all but two of the group's 140 executives having worked their way up through the ranks.

"Each year, 10 per cent of the profits is divided between our employees, so they have a share in our success to show

for their efforts. Our incentive schemes provide them with a positive stimulus to think about what they are doing and to suggest areas for improvement."

Sir Frank was heartened that the last attempt by a major trades union to establish a foothold in the company was firmly rejected by the employees. "The union representatives handed out leaflets and called a meeting and tried to make fun of our "team member" approach. They asked if the employees liked being treated as if they were children and, of course, nothing could be further from the truth. We believe in involving everybody and in generating personal enthusiasm. Indi-

Joint venture

Taylor Woodrow, like many of the large civil engineering contractors, had in any case protected its interests by spreading its large workload not just over a wide job area but also in a geographical sense.

For the next two years at least, the group sees little improvement in demand at home and will continue to search for work overseas. At the moment, about 60 per cent of group turnover comes from abroad, although the figures could easily have been reversed had the U.K. market been brighter.

Apart from the obvious overseas markets like the Middle East, the group is active in many other parts of the world and is now examining potential markets in the developing nations, particularly parts of South America.

Like some of its competitors, the group has realised that in

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FRIDAY, MAY 6, 1977



The six overseas Heads of Government invited to the Downing Street talks: President Carter, Chancellor Schmidt, Mr. Fukuda, President Giscard d'Estaing, Mr. Trudeau and Sig. Andreotti.

Carter comes to London

THE MOTIVATING force produced dramatic common policies, they may have helped to stifle any temptation to adopt beggar-my-neighbour policies under which individual Governments might have tried to solve domestic economic problems at the expense of the rest of the world.

There is a more general consideration, that co-operation between the major democratic countries can only be facilitated by private and unconstrained discussion between heads of state or of government. This will be particularly relevant this week-end, because of the presence of President Carter of the U.S.

Problems

In retrospect, it is difficult to feel confident that either of the previous meetings produced anything resembling a collective approach to the problems of the economic order. In practice, the immediate financial flows generated by the oil price increase were handled by the commercial banks and by the major capital markets, not by any grandiose "recycling" schemes.

Agreement

Less contentious are the other main subjects up for discussion, and it will be surprising if the final communiqué does not purport to record a substantial measure of agreement on the priorities for dealing with the world's current economic problems, even if there are muffled murmurs of discontent from the weak countries like Britain and Italy at what they see as the unnecessary restrictive policies of Germany and the U.S.

Profit targets in the Post Office

THE VIEW that large profits are something to be ashamed of, especially in the nationalised industries, has been reinforced this week. The Price Commission has ruled that Post Office Telecommunications exceeded its permissible profit ceilings in the year to March, 1977, and must therefore return £100m. to its customers by way of rebate.

Commercial

At the end of last year the Government set a new target for the telecommunications business—a 6 per cent. real rate of return on assets in the three years from 1976-77 to 1978-79. This was a welcome change after a long period of uncertainty caused by successive policies of price restraint.

The seven-nation summit meeting which opens at No. 10 Downing Street to-morrow is the third of its kind. It is also by far the most important. Not only is it the first opportunity for some of the Heads of Government to meet President Carter, it is also the first time that such a meeting has been attended by a new and activist U.S. President.

The origins of the meeting go back to the oil crisis and the shock of the Middle East war in October 1973. There was a feeling even before then that the machinery of international co-operation, and especially international economic co-operation, as it had developed since World War II, was inadequate to deal with new problems.

Too serious a matter

To return, however, to Helsinki 1975. The idea was canvassed there by Mr. James Callaghan—then the British Foreign Secretary—

It was the oil crisis, however, which led to Herr Schmidt's forebodings being more widely shared. There were fears not just of the effects on the western industrialised economies of sharply increased oil prices, but also of the effects of OPEC surpluses on the international financial system.

Yet the idea of a western economic summit meeting was formed both slowly and deviously. It first came to light—of all places—at the Heads of Government meeting at the European Security Conference in Helsinki in the summer of 1975, when there was a four-power lunch ostensibly on the question of Berlin.

MEN AND MATTERS

Desirable residence

If you have to spend the week-end working, it might be some consolation to do so in a room designed by Sir John Soane with a lofty vaulted ceiling. These are the civilised surroundings of the state dining room at 10 Downing Street where the economic summit conference will be held to-morrow and Sunday.

Hall of fame

The only real action yesterday in Washington New Town, Co. Durham, where President Jimmy Carter is dropping in as part of his North East visit before heading for the sophistication of Downing Street, was at Washington Hall, where the de Wessington family lived until 1829.

But he accepted the Callaghan line with enthusiasm. Even so, the idea of excluding Mr. Simon and his fellow finance ministers came to nothing—not surprisingly. The pattern of economic summits, which will be followed this week-end, is that the formal sessions are attended by Heads of Government, finance ministers and foreign ministers, plus one note taker per country.

Any agreements reached on broad policy guidelines would eventually be pursued by the participating countries in wider economic groupings, such as the IMF, the OECD and, most topically, the Conference on International Economic Co-operation, better known as the North-South dialogue.

Secondly, those present at the summit should be allowed to speak freely on any subject they choose. That means that they range widely beyond strictly economic subjects. For example, what might be the effects on (say) the Italian political situation of a failure of the biggest economic target?

Those questions may seem elementary at the national level, though even then the answers are sometimes elusive. At the international level—where one is talking about col-

lective security and the preservation of western unity and, ultimately, of some kind of world order—it is almost revolutionary that they should be put. A few years ago, when the order seemed relatively stable, it was thought not to be necessary.

agenda and also the question of conventional arms control, though the latter may have subsequently been shelved for another occasion. Some of the items on the agenda have been gone through before. Mr. Callaghan, for instance, and likewise the Italian Prime Minister, Sig. Andreotti, and probably President Giscard would still like to see a refutation of the major economic, President Carter, having recently revoked his own pledge of an income tax rebate and, this week, seen new restrictions in U.S. monetary policy, can hardly go along with that.

For the most that can be hoped for by the weaker participants in this area, is an assurance that if economic growth looks like falling short of target, further refutation will be again considered. There is the consolation that the IMF has already agreed in principle to a new facility to help those countries in payments deficit and that surplus countries, notably Japan, are allowing their exchange rates to rise more freely.

President Carter's reversal of economic policy has removed one of the main sources of friction between the economic superpowers, even though it may have emphasised that the economic summit is a two-tier affair, with the U.S., West Germany, Japan and perhaps Canada on top, and Britain, Italy and perhaps France some way below.

One of the other potential sources of friction—namely Mr. Carter's insistence on human rights in countries outside his domain—has probably been diminished by his own decision to play down his original zeal. This leaves nuclear power and nuclear proliferation as the one predictable subject on which the Downing Street meeting could yet explode.



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NEWS TO-DAY

BY DAVID WATT

Devolution calculations in Scotland

THE Lib-Lab pact has had to be Government's activities on the one hand and the results of the referendum on the other. But there is account for the discrepancy in the Scottish which has paid off in some extent earlier in the week. Whether Labour would have stemmed the tide still more if it had not been for the large gains made by the Nationalists in the House of Commons is naturally impossible to say, but there will be some presumption from these results that the Lib-Lab pact would have been worse for the Government if the Bill had never been introduced. The objection to this line of argument is that devolution as such never figured in the local election campaigns. This is true, but not in my opinion the swing away from the Government was not larger. SNP is inseparable from the issue, and even though the SNP did not fight a campaign "about" the number of areas, a net loss of 100 seats in the SNP is not a purely local issue, it is hard to believe that it did not have an influence on the result.

The question, if this premise is accepted, is whether the results will affect the calculations of the various parties, as they go to the next step on the Devolution Bill. As things stand, the Government is evidently determined to publish a new Bill in the late summer or early autumn and reintroduce it in the new session of Parliament; but what will be in it, and who will vote for it?

The Cabinet, in so far as it considers devolution at all (and it has not, it seems, discussed the subject formally since the Scotland and Wales Bill collapsed) continues to think in purely party terms. Ministers believe that bringing the Bill in again will shore up the Government's parliamentary position in one of two ways. It will

either cement the Lib-Lab pact for a further period because it will offer the Liberals the prospect of a really tangible prize; or alternatively, if the cards are played right it will force the SNP to resume overall support for the Government in Parliament lest the party be accused in Scotland of scuppering the last real chance of an Assembly before the Thatcherian night falls.

This points to the desirability of putting together a new, brighter and more radical devolution package as quickly as possible; and this week's election results will certainly not have diminished that ministerial impulse. And yet there are two major snags, neither of which the Government can do much about.

The first problem is that the SNP may not play ball. It might well refuse to preserve the Government from defeat, however forthcoming on devolution the Cabinet decides to be. For the fact is that the party is deeply divided—already about how to proceed. Mr. William Woollie, the chairman, and Mrs. Margo MacDonald, the senior vice-chairman, urge caution and moderation. Let us, they say, encourage the Government to set up its Assembly; let us capture control of it and then let Scottish public opinion come to realise through the frustrations of the new system (as so far the majority of opinion does) not the logic of complete independence.

This strategy would certainly entail keeping Mr. Callaghan in office for as long as there was any real prospect of his producing an Assembly; but unfortunately it is a policy which is challenged on a fundamental



The Queen and members of the Royal Family at a garden party at Holyrood House, Edinburgh

grounds by the other wing of the party. The hardliners, of whom Mr. Douglas Henderson, the MP for East Aberdeenshire, is the most forceful, apparently argue that the party ought to seize opportunity by the scruff of the neck. The thing is to realise through the frustrations of the new system (as so far the majority of opinion does) not the logic of complete independence.

This strategy would certainly entail keeping Mr. Callaghan in office for as long as there was any real prospect of his producing an Assembly; but unfortunately it is a policy which is challenged on a fundamental

with the Government which are most likely to get them headlines in the Scottish Press.

The other possible flaw in the Government's calculations is even more basic. Can any devolution Bill get through the House of Commons. In order to have any chance at all with a second Scottish Bill, Mr. Michael Foot will have to swallow two mildly unpleasant doses. One is the shelving of the Welsh part of the exercise until some indefinite date, the other is the introduction of a guillotine motion at the very start of the proceedings. But not at all certain that the votes for adopting the tactics of harassment and confrontation

still faces the problem of how to get a guillotine motion past the Opposition which defeated it by 29 votes in February.

It should be easy enough to persuade the 11 Liberals who voted against the guillotine on that occasion to change their minds, though their terms are also unpalatable to Mr. Foot and the Civil Service—taxation powers for the Scottish Assembly; judicial review in the case of a dispute over the division of powers between London and Edinburgh; and still find it almost impossible to persuade American visitors, in- Bill so as to list exceptions to the most sophisticated view of British politics, to face the fact that the future of the U.K., or Britain, Steel could claim at least some advantages from a fine thread. Perhaps the Queen's speech in Westminster Hall on Wednesday will convince them.

Yet this would still not be enough to win the crucial division—particularly since the emendations required to meet deeply mistaken. Four out of five inter-locutors are in the direct political difficulties at home, and if they cannot get out of them it is not only their necks that are at risk. The strength, therefore, of the case for the existence of their countries is bound up with their own political fate. In this sense Britain is actually very lucky. Our political institutions are still connected with the real world and in managing them our politicians can manage events. The levers of power still set the points, and Mr. Callaghan, if he pulls the right ones, can still keep himself and a U.K. on the rails. The summit meeting is all very well; but international statesmanship is based, ultimately, upon the black arts of domestic political management.

Letters to the Editor

Paying for services

Mr. S. Watkins, Council member, Medical Practitioners' Section, Association of Medical, Technical and Managerial Staffs.

Samuel Brittan (London) writes that essential services are most efficiently provided out of general taxation of working class.

He argues that public sector borrowing must be cut, that it cannot be increased, and that public expenditure must be reduced and therefore that services must be cut; unless services are made. The British Medical Association and other National Health Service workers "we can't raise enough by taxation," then it is the money that is the problem by charges. There would be suitable exemptions for those unable to afford charges, but those who can afford to do so would pay towards their care. No doubt they would protect themselves by going out on insurance policies which they would be able to pay for with the money saved in taxation.

But not quite, because the charges will have to recoup administrative costs, and insurance companies will have charge for their services. So will naturally pay more for even level of service than if it was paid for out of taxes, and therefore be worse off. However, everybody will be happy because the burden of taxation has been reduced.

Human beings do not always act rationally. They often their beliefs, and actions in irrational considerations, as the things they read in newspapers. They are used to pay a certain sum in way of charges and insurance premiums for certain services but not be prepared to a smaller sum for the same services. They may believe that we can reform the economy of the country if we reduce taxation public expenditure by reducing them as something

The county council's external borrowing of temporary loans is shown in column 59 to be only 0.2 per cent, which is virtually negligible.

The revenue balances are not likely to be needed for other purposes at very short notice and in fact, a planned programme of longer term borrowing is being followed to take account of changes in the level of internal balances. To some extent the heading to column 59 of the return is misleading in that it suggests to the unwary reader that the whole of that debt is repayable at seven days notice or less, without considering also the other three columns I have mentioned.

K. E. Rose, Cotswold Hill, 1, Lancaster Circus, Cotswold, Birmingham.

Lex writes—Authorities rely to varying degrees on revenue balances—effectively short-term working capital—to finance temporarily their capital expenditure. In the last return of outstanding debt such balances were categorised as at seven days notice or less, though some councils were not particularly happy at this description. There is a case for arguing that there should be a distinction in such a maturity analysis between external and internal funds and in future returns, revenue balances will probably be shown separately, thereby giving a clearer picture of the reliance on external finance.

stands at present there is no guarantee that the retained profits created by pay restraint will not be taken out as extra distribution by shareholders once dividend restraint ends.

It must be therefore, a very naive or stupid wage negotiator who bases his discussions on pay or salary levels on added value statements until company law is amended regarding the distribution of retained profits.

Ernest Jones, 40 Charterhouse Square, E.C.1.

Executive job recruiters

From Mr. E. Lewis.

Sir—So job recruiters doubt the logic of many of those who seek new job opportunities (Michael Dixon's Jobs Column, April 14).

For a start we cannot quarrel with their views on correspondence and common courtesy, but when it appears that recruitment consultants do not keep registers of suitably qualified people, and that this is considered entirely businesslike, efficient, and logical, one begins to lose track of the argument. We obviously misunderstand how a recruitment agency works, and I cannot feel the fault is entirely ours.

Many executives-to-day are so intimately acquainted with modern business system that it is natural for them to assume that recruitment companies have access to sophisticated computer memories which print out long lists of candidates at the press of a button. Since this is clearly not the case, by deduction we must assume that the average agency is a sort of "cotton in industry," relying on beautifully worded advertisements, contacts at establishment level, a cardboard filing system, and half-a-dozen employees!

It seems that vacancies are so minute in relation to the numbers that apply, that the would-be applicant is given the impression that although highly valued and remunerated in his present job, he is almost worthless anywhere else; possibly a fact of life but not a fact (and soul-destroying) for people who know they could contribute much more to a better and more efficient economic system.

In short, recruitment companies contribute with a vengeance to the no doubt theologically correct view that although many are called, few are chosen, but unfortunately this does not overcome the damage that can be done if too many qualified people are given the impression, which I believe to be misleading, that no open market exists for economically valuable skills.

B. A. Lewis, 47, Woodlands Avenue, New Malden, Surrey.

Profits on the Standard

From Mr. J. Coote.

Sir—Max Wilkinson's review April 30 of the inexorable circumstances which have brought Beaverbrook Newspapers to its present plight does less than justice to many local managers who turned in good profits without Joeey's Stevens' help.

For example, the year preceding his appointment as its managing director, the Evening Standard had been turned around to an excellent profit, without the benefit of an increase in its cover price. The record was set right once before in your columns by a letter from Sir Max Aitken.

John O. Coote, Tilly Hill Farm, Iping, Midhurst, Sussex.

Motivation at Westminster

From Mr. D. Morris.

Sir—If leadership by example means anything then for any policy for State III to be a success our leaders should apply it to themselves. No doubt the most suitable norm to live on would be the current average pay. MPs could then experience the day-to-day living problems of their average constituent.

If constituents need motivating then why not motivate MPs as well? On top of the "plus expenses" I would advocate £1,000 extra for every percentage increase in the GNP each year.

David C. Morris, Allopp and Co., 21, Soho Square, W.1.

Added value and dividends

From the Managing Director, Charterhouse Management Contracts.

Sir—I would point out to your correspondents who have waxed so eloquently in your columns recently on the subject of added value, that as company law

Local authority debt maturity

The County Treasurer, Midlands County Council.

I refer to the article appeared under the heading "Local authorities" in Lex April 26. The case of this council has been used to illustrate that there is a need to introduce some "milly" into the authorities' profile and the article uses figures from the latest Chartered Institute of Public Finance accountancy return of outstanding debt which apparently that 78.5 per cent, of debt is due to mature seven days.

The reporter presumably took over of 78.6 per cent. from a 69 of the return on size before reaching the conclusion that should have also included the 1961 on the date. He would have seen 3 per cent. of this borrowed revenue balances are used for capital pur-

Speed and fuel consumption

From Mr. A. Bythway.

Sir—I am seriously concerned at the possible adverse effects of the emotive letters from Mr. Gordon (April 27) and Major Sutton (April 30) attempting to decry Joe Rogaly's article of April 22.

I feel it might be helpful if the questions of safety and fuel saving were considered entirely separately, since my own experience of driving slowly in the latter context is totally opposed to theirs and tends to support Joe Rogaly and President Carter's views.

Over the past 20 years or so I have owned three 2.2 litre, one 3.3 litre and (for the past four and a half years) one 1100 cc car, and a half year ago two 1650 cc cars in the past four and a half years. All of these

Unwanted cash

From Mr. K. Leverton.

Sir—I followed, with great interest, Mr. Carter's investment policy articles earlier to the year, because I have used the same system, but with less success over a similar period of years. There is, however, one problem from which the small investor suffers. I am thinking of the situation where a company's shares are taken over for cash, which enforces a capital gain together with the small investor's share of shares at under £1,000 to avoid tax. This situation is particularly annoying if it occurs at the end of the financial year and attracts capital gains tax on a transaction under £1,000 carried out voluntarily in the early part of the tax year; for example, I have recently had Maidenhead Investment Holdings shares taken over for cash where I particularly wished to hold these shares because of possible building land values in the Burgess Hill district.

Surely there should be a change in the tax forcing companies always to offer the shareholder an alternative of shares instead of cash.

K. B. Leverton, 1, Grade Court, Stockbrech, S.E.3

To-day's Events

Dr. David Owen, Foreign Secretary, holds talk in London with Mr. Cyrus Vance, U.S. Secretary of State. Mr. Joshua Nkomo, leader of African Nationalist Patriotic Front, who arrived in London last night, is expected to meet both Dr. Owen and Mr. Vance.

President Carter and Prime Minister visit North East England.

St. Alfiero Spinelli, a founder of European Federalist Movement in Italy and a former EEC

Commissioner, speaks on "Federalism and the Left." Royal Society of Arts, John Adam Street, W.C.2, 3 p.m.

Amalgamated Union of Engineering Workers' engineering sections conference ends, Eastbourne.

Journalists on strike at East Midlands Allied Press, Peterborough, meet to discuss further support for their U.K. colleagues in dispute at Kettering.

Last day of TERO 77—Profit through Care Conference, sponsored by Department of Industry Committee for Terotechnology, Grosvenor House, W.1.

International Radio Communications Exhibition and Conference opens Alexandra Palace (until May 8).


PARLIAMENTARY BUSINESS House of Commons: Private Members' Bills.

COMPANY RESULT Phillips' Lamp Holding (first quarter).

COMPANY MEETINGS Alliance Trust, Dundee, 11.30. British Aluminium, 7, Baker Street, W. 10.30. Collins (Willing), Glasgow, 11. Jacobs (John J.), Baltic Exchange, E.C., 11.30. Montagu Boston Investment Trust, 117, Old Broad Street, E.C. 12. Pye Holdings, Hyde Park Hotel, S.W., 12.05. Ransomes Sims and Jefferies, Ipswich, 3. Scottish Television, Glasgow, 12. Sharna Ware, Manchester, 12.30.



is also



SCOTLAND'S 1st AND MOST SUCCESSFUL NEW TOWN IS PARTICULARLY PROUD TO CELEBRATE ITS OWN SPECIAL ANNIVERSARY IN THIS ROYAL YEAR OF 1977

East Kilbride five years before the Coronation was a community of 2400 people: an outlying village south of Glasgow set amid green fields at the end of a winding single track railway.

A generation later, there are still green fields all around E.K., and open space within the New Town. The village in the country remains.

But East Kilbride has grown. Not out of all knowledge, but according to plan. At its own Silver Jubilee, the population had reached 50,000; by 1975, East Kilbride was Scotland's sixth largest town or city, today the six separate village communities which make up the New Town provide ideal living conditions for more than 76,000 people.

In the industrial estates, nearly 350 companies employ some 20,000 workers, with new companies setting up on an average every 11 days, and expansion of existing companies occurring as a fortnightly event. Growth continues.

East Kilbride has much to celebrate in this Royal Year of 1977. A generation of success. Thirty years of New Town leadership. And the prospect of a future which will make it more successful yet.

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EAST KILBRIDE & STONEHOUSE DEVELOPMENT CORPORATION
ATHOLL HOUSE EAST KILBRIDE SCOTLAND G74 1LU

COMPANY NEWS + COMMENT

Whessoe expects to top £2.86m. this year

CURRENT year pre-tax profit of engineers Whessoe should exceed last year's record £2.86m. Lord Erroll of Hale, chairman, forecasts in his interim statement.

For the half year to March 26, 1977, taxable profit improved from £0.88m. to £1.25m. on sales up from £17.2m. to £19.94m.

Stated earnings per 25p share rose from 5.1p to 6.7p and the net interim dividend is stepped up from 1.625p to 1.75p, absorbing £0.16m. (£0.15m.). Last year's final was 2.497p.

Lord Erroll reports that all three of the group's principal operating subsidiaries are currently working profitably. A favourable cash flow has reduced group net short-term borrowing to a minimal level.

The rate of new order intake for the half year—over 70 per cent. of it for heavy engineering—has exceeded last year's record annual rate. The forward spread of new work is such that some areas of work shortage remain in heavy engineering over the near future. Competition for available work is fierce but capacity loading prospects improve towards the year end, he adds.

	Half year 1976-77	Half year 1975-76
Sales	19,940	17,200
Heavy engineering	11,380	9,500
Light engineering	8,560	7,700
Other	2,000	1,800
Trading profit	1,250	880
Heavy engineering	840	580
Light engineering	410	300
Other	100	100
Development	400	400
Interim dividend	1,750	1,625
Pre-tax profit	1,250	880
Overseas tax	30	117
U.K. tax	120	763
Net profit	1,000	600

* All figures in £ million unless otherwise stated.

comment

Whessoe fell 7p to 75p yesterday with the market clearly disappointed with the profits forecast for 1976-77 rather than the interim results. After all, no more than maintained profits in the current six months would produce £2.1m. pre-tax overall. A high incidence of contract cancellations largely explain the upsurge in heavy engineering, and although orders here of £100m.—out of a group total of £160m.—are well up on a year ago, the outlook for demand in steel plant and on the offshore side is pretty bleak. Light engineering is still being underlined by the French operation. But in pipework there is plenty of progress with margins rising by more than a third in the past year helped by strong performance overseas, notably Canada. Yield this year rises to 9.1 per cent., where it is likely to be well covered.

E. FOGARTY
E. Fogarty is proposing a scrip issue of one-for-three.

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Brixton Estate increase

FOR 1976, the profit of property developers Brixton Estate rose by 25 per cent. from £1.63m. to £1.99m. and net rental income increased to £4.53m. against £3.11m.

Substantial benefits from reversions are beginning to arise and the directors expect that this trend will continue. The 1975 charge is adjusted but even so the interest cost on development properties by 38 per cent. to £2,300m. while gross profits are just under £2m. As with many other property companies interest is capitalised—there is a £2.24m. transfer from capital reserves—though it will be interesting to see how this change of account affects the underlying asset value when the report is published. Still for a property company borrowings are not high at 24m. against properties of £24m. and this takes in a high proportion of freeholds (60 per cent. in the last account). Two problems persist. The office blocks in Brussels and Melbourne are both making losses, and even if they were fully let after interest charges they would still be in the red. Meanwhile at home Brixton is progressing comfortably with a reasonable flow of rent reversions and interest costs falling. At 85c the yield of 3.3 per cent. compares with a sector average of 3 per cent.

comment

Funds are currently available for all existing commitments. The directors say they are continuing to look for new schemes in the U.K. and Europe and a number of proposals are being considered. For 1976 the directors state that the unwillingness of business in the U.K. to take on new leases commitments and high interest rates persisted throughout the year, and abroad there was a slack letting market. The dividend is stepped up from 1.705p to 1.880p, the maximum allowed, with a net final of 0.817p net. A scrip issue of one-for-10 is proposed and the directors expect to maintain the present rate of dividend on the increased share capital for 1977. For 1976 a consistent policy was adopted for the treatment of interest on properties in its course of development, both in the U.K. and abroad. As a result, interest on overseas development properties was, for the first time, charged to the group revenue account. This does not affect the net profit as the corresponding transfer from capital reserve was increased by a similar amount.

Interest and outgoings on properties where development has been temporarily deferred is now shown separately in the revenue account but here no corresponding transfer from the group's capital reserve has been made. The comparative figure for 1975 have been adjusted to reflect both of these changes in accounting policy.

valuation of properties at December 31, 1976 shows a surplus over book value of £4.92m.

comment

For the first time Brixton is disclosing the full extent of its interest burden by including interest on overseas developments in the revenue account. The 1975 charge is adjusted but even so the interest cost on development properties by 38 per cent. to £2,300m. while gross profits are just under £2m. As with many other property companies interest is capitalised—there is a £2.24m. transfer from capital reserves—though it will be interesting to see how this change of account affects the underlying asset value when the report is published. Still for a property company borrowings are not high at 24m. against properties of £24m. and this takes in a high proportion of freeholds (60 per cent. in the last account). Two problems persist. The office blocks in Brussels and Melbourne are both making losses, and even if they were fully let after interest charges they would still be in the red. Meanwhile at home Brixton is progressing comfortably with a reasonable flow of rent reversions and interest costs falling. At 85c the yield of 3.3 per cent. compares with a sector average of 3 per cent.

F. W. Evans heading for peak year

Sales of plastic moulding manufacturers, Frederick W. Evans, improved from £61.0m. to £79.0m. in the half year to March 31, 1977, and pre-tax profit was up sharply at £132.0m. compared with £52.0m.

And the directors anticipate record results for the year if there are no political eruptions. The previous year's profit figure was £185,000, just £77,731 below the peak level of 1975/74.

The interim payment is 0.325p net compared with 0.285p adjusted for the two-for-five scrip. Last year's final dividend amounted to an equivalent 0.5174p.

Breedon Lime confident

MR. P. H. LLOYD, chairman of Breedon and Cloud Hill Lime Works, says he is satisfied that the company has succeeded in establishing a sound financial base which will enable it to take advantage of any upturn in trading activity.

At January 31 last net current assets showed an increase from £372,540 to £319,815, with cash increasing from £382,503 to £491,805. The group has changed its accounting procedure back to what it was in 1975-76, taking a profit of £29,959 (£21,333 loss) on sales of quoted investments below the line instead of above as reflected in the preliminary figures. Thus, the pre-tax and net available profit in the audited accounts amount to £888,557 (£704,453) and £536,702 (£313,101) respectively. The published turnover figure amounted to £2,678,461 (£2,537,949) whereas the audited figure shows a reduction to £2,308,780 (£2,249,061).

Meetings, Breedon-on-the-Hill, Leeds, May 27 at noon.

comment

The preliminary announcement and the publication of the report and accounts Breedon and Cloud Hill Lime Works has once again changed its accounting procedures—back to the previous year's policies. A £30,000 gain on the sale of quoted investments (included in the pre-tax figure at the preliminary stage) has now moved below the line where it is strictly comparable with a similar sized loss in 1976. In addition, there have been changes to the stated turnover, both for the year under review and the previous year. The adjustments have the effect of reducing an apparent 4.7 per cent. growth in sales to 3.4 per cent. and profits increase of 6.7 per cent. to a decline of 2 per cent. which makes yesterday's 13p jump in the shares to 75p the more surprising.

Guardian Inv.

Gross income for Guardian Investment Trust rose from £2.35m. to £2.7m. and pre-tax revenue increased to £2.1m. for the year



Sir James Blair-Cunynghame, chairman of National and Commercial Banking.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aberdeen Constr.	2.53	July 2	2.25	4.13	3.73
Brixton Estate	0.83	July 29	0.59	1.88	1.71
F. W. Evans	0.82	Aug. 17	0.52	1.34	0.95
Guardian Inv.	1.5	July 8	1.21	2.35	1.96
Heat & Son	5	—	5	5	5
Nat. and Com. Bank	1.25	July 1	1.15	2.38	2.38
J. Neill	2.76	June 9	2.33	4.76	4.33
Porter Chadburn 2nd Int.	3.42	June 1	3.22	4.72	4.29
Richards	0.92	June 1	0.2	0.93	0.93
Sungei Bahrui Rubber Int.	0.52	June 17	0.33	0.78	0.78
Tate of Leeds	0.63	—	0.63	0.63	0.63
Utl. Wire	1.8	July 1	1.4	3.2	2.9
Wemyss Inv.	2.4	July 4	2.5	4.9	4.2
Whessoe	1.79	—	1.63	3.42	3.12
Wire and Plastics	1.23	July 1	1.06	1.93	1.76

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

ended March 31, 1977, compared with £1.82m. Earnings per 25p share are shown as 2.39p (2.05p) and the dividend is lifted to 2.35p (1.98p) with a net final of 1.6p.

Net revenue emerged at £1.81m. (£1.13m.) after tax of 10.78m. (£9.80m.). The total for 1975-76 was 4.2p paid from profits of £1.11m.

United Wire over £0.9m. midway

THE GOOO first half forecast at the AGM in January has materialised at United Wire Group with pre-tax profits showing an advance from £324,000 to £396,000 for the six months ended April 2, 1977. And this trend is expected to continue.

The directors report that all divisions have contributed to the increase. The South African companies are less busy due to the local recession, while the U.K. companies continue active but the trend is to a shorter order position.

Turnover showed an increase from £4.43m. to £6.39m. After tax of £492,000 (£160,000) and

extraordinary debits nil (£72,000) the balance attributable to ordinary holders emerges at £436,000 (£110,000). Earnings per 25p share are stated at 5.4p against 1.5p.

The interim dividend is increased from 1.4p to 1.3p to reduce disparity. The total for 1975-76 was 4.2p paid from profits of £1.11m.

comment

A volume rise of around a quarter has enabled United Wire to continue the rapid growth achieved in the second half of 1975-76 and appears to have put the group on course for a best ever full year profit of around £1.3m. United's record is patchy but it has been concentrating on changing its emphasis away from the volatile paper industry over the last few years. Although all three divisions contributed to the interim advance the group's main hopes for further progress now appear to rest with industrial wire (bricks and wire production). The latter which is still recovering from the severe ferrous metals depression in 1975 produced the sharpest increase in the first six months and should climb further in the second half as orders continue to rise. At 64p the shares are on a prospective P/E of 5.9 and yield of 11.4 per cent., which may not yet be taking full account of the recent changes of direction.

Marginal fall by James Neill

ALTHOUGH turnover increased from £25.67m. to £28.03m., profit before tax of James Neill Buildings, the Sheffield-based hand tools and engineering group, fell marginally from £2.18m. to £2.05m. in 1976.

At half-way, when profits were down from £1.49m. to £1.03m. Mr. J. Hugh Neill, chairman, said the outlook for the second half was that both sales and profits would increase. The full year's results would not fall short of those for 1975, he forecast.

He now explains that the full year decline was due to lower trading profits from overseas companies and higher interest charges.

However, he adds that the directors are expecting the group's U.K. companies to achieve substantially higher sales in 1977 and that the full year's results would be up by perhaps a fifth in volume terms and maybe double that after hefty price increases. With 85 per cent. of capacity now being used, margins should begin to recover—the fall by two-thirds since 1969 to 6.3 per cent. is due to lower mark-ups on own distribution, and disappointing results abroad; James Neill must be one of the few companies with half its turnover overseas that has not made significant currency profits in 1976 and this is due to the exchange rate mix as well as depressed trading. The recovery in the U.K. is across the board—there is strong demand for hand tools in the automotive, hardware, and engineering sectors. And initial reception for the electronic micrometer is encouraging. James Neill could be on a winner here—its technological lead allows it exceptional margins suggesting that annual profits from this product alone could eventually match all of last year's U.K. trading profit of £2.1m. All this more than justifies the premium P/E of 12 (against a price of 10 for the Industrial Group), especially given the high P/E dividend pay-out for a year 10 cent. yield at 77p.

Yearly earnings per 25p share are given at 5.7p (5.3p) but in view of the bright outlook the dividend is stepped up from 4.33p to 4.76p with a final payment of 2.76p—net.

	1976	1975
Turnover	28,030	25,670
Export sales	9,728	7,435
Operating profit	3,213	3,224
U.K.	3,223	2,791
Overseas	10	433
Associates loss	10	51
Investment income	10	12
Finance charges	3,273	2,978
Interest payable	3,290	2,728
Profit before tax	2,203	2,246
Minority int.	6	6
Extraordinary credit	6	6
Available	788	1,272
Preference dividend	15	15
Dividend	1,588	1,247
Retentions	146	677

Mr. Neill points out that although profit available for distribution amounted to £796,000, this is after charging £1,270,000 tax of which £1,138,000 is covered by stock relief and is not payable in the foreseeable future.

Overseas companies trading profits were down by a third. In Brazil, the company was faced with heavy development costs in the installation of a hacksaw blade plant. In South Africa, the sluggish economy inevitably affected the level of activity and hence the profitability of the group's manufacturing plant. Also the two North American marketing companies found themselves in particularly difficult circumstances as a result of export prices increasing to absorb higher costs at a time when the prices of American competitors were "remarkably" stable.

Interest payable was up by a third. This was due partly to increased borrowing (up by £2.4m. over the year) and partly to the exceptionally high rates of interest, which have since fallen "substantially," says the chairman.

Mr. Neill reports that capital expenditure in 1977 will not fall far short of the record £1.4m. which went on buildings, plant and machinery in 1976.

Wemyss estimates £421,000

FOR THE year to September 1977, Wemyss Investment Company estimates that pre-tax revenue will rise from £378,000 to £421,000.

Earnings per £1 share are forecast at 10.75p (9.88p) and interim dividend of 12p (against a price of 2.5p to 4p net to reduce disparity with the final (which last year was 8.1p). Net asset value per share at September 30 will be 30p (33p).

Estimated 1976-77

	1976-77	1975-76
Total income	450	450
Management exps.	20	20
Pre-tax profit	430	430
Tax	100	100
Tax credits	173	173
Available	330	330
Applicable to traded invts	150	150
Income	180	180

ECC BUYS

English China Clay Co. has acquired Norton Lime Co. for £355,000, to be satisfied by issue of 458,424 shares at 138.751 cash.

Why institutions are turning to commodities

Many institutions today are investing a proportion of their funds in commodities with our help. And the table below shows some of the reasons why—commodities stand up to most investment criteria that institutions require.

INVESTMENT CRITERIA	COMMODITIES	EQUITIES
1. RESEARCH		
Fundamental	✓	✓
Technical	✓	✓
2. AVERAGE DAILY TURNOVER (1976)	£126 mn	£55 mn
3. MARKETABILITY	✓	✓
4. RISK LIMITATION MECHANISMS	✓	✓
5. OPTIONS	✓	✓
6. FT INDEX 3 YEAR LOW	170	150
7. FT INDEX 3 YEAR HIGH	290	440
8. ARBITRAGE	✓	✓

If you are a fund manager who has not entered these markets, maybe you should think again. Over 60% of our business is conducted on behalf of institutions. As one of the leading commodity houses in London we are well placed to advise on the opportunities, including managed portfolios, available to undertake responsible investment in raw materials. For full details of our services, phone Mr. Richard Valentine, Director.

Commodity Analysis Limited Commodity and Metal Brokers.

194-200 Bishopsgate, London EC2M4PE. Telephone 01-283 2201

'The year found your company sound condition and with great promise for the future. I view your company's prospects with great optimism'

Lord Thomson of Fleet—Chairman

The Chief Executive, Mr. G. C. Brunton, reports that trading profits in 1976 turned out to be a good deal better than predicted and, although all operating groups contributed to this, the outstanding performance was achieved by the travel companies.

"The breakdown of trading profits, before costs not allocated to operating companies, indicated that Travel contributed 40%, Newspapers 22%, Other Publishing, Communications and Information 36%, and other activities 2%.

In 1977 we are anticipating significant improvements in profits in most operating divisions. The main uncertainty relates to the Company's travel interests. The general level of bookings across the industry is currently showing a decline of 20%, and even though your Company has improved its market share in a declining market, its estimated volume of bookings will be down. While we hope for reasonable results, we expect a significant reduction in travel profits for 1977 and this will of course affect the overall group result.

We are planning to invest some £21m in capital expenditure during the year and deliberately budgeting for a substantial outflow of cash. These sums are within our facilities, but they will inevitably bring much higher interest charges which will of course reduce our earnings. These

investments in the introduction of new technology for newspapers and in new aeroplanes will bring their benefits in the future and the expenditure is justified by the expectation of very substantial cash flows in the years ahead.

The Company continues to hold its option to acquire 90% of the oil interests held by Thomson Scottish Associates Limited. The prospects for oil are very much dependent upon the Piper and Claymore developments proceeding according to plan. So far all goes reasonably well, but it is always wise to recognise the very real risks that are inherent in off-shore oil development in the North Sea. During the year both fields should be producing and Piper should achieve peak planned production. In 1977 our oil interests will be making a very important contribution towards the country's balance of payments.

I can say with confidence that both our traditional businesses and our potential oil interests are likely soon to justify our optimism. Perhaps, too, we might be capable of further surprises. This Company has always been an exciting one, but never more so than at present."

The above extracts are taken from the Report and Accounts for the year ended 31st December 1976 which can be obtained from the Secretary.

The Thomson Organisation Limited
4 Stratford Place, London W1A 4YG.

Joy, io 1976

National & Commercial ahead to £31m. midway

THE SIX months ended March 1977, profits, before tax, of National and Commercial Banking Group rose from £28.8m. to £31.1m. and earnings per 25p share are shown to be up from 8p to 8.5p.

The first half profit includes a contribution from associates of £2.8m. to £4.0m. This increase mainly reflects the effect of the sale of Associated Securities in Australia which was incurring losses.

Sir James Black-Cunningham, chairman, explains that an increase in net interest earnings on sterling business in the period was the result of a higher average base rate and also a slightly larger volume of resources employed, while there was also a reduction in the average margins between deposit and lending rates and on the completion of wholesale market deposits.

Interest earnings from currency business were also affected by smaller margins. Operating costs continued to rise but not so severely as last year, says the chairman.

The interim dividend is increased from 1.15p to 1.25p net - the total for 1976-77 was 2.35p and from profits of £37.7m.

BOARD MEETINGS

The following companies have notified dates of Board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering financial indications and are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Company	Date
Associated British Foods	May 12
British Airways	May 12
British Overseas Airways	May 12
British Telecom	May 12
British Waterways	May 12
British Wool	May 12
British Yarn	May 12
British Airways	May 12
British Overseas Airways	May 12
British Telecom	May 12
British Waterways	May 12
British Wool	May 12
British Yarn	May 12

balances amounted to £2.13m. (£1.41m.).

Aberdeen Constr. at £4.53m.

AFTER A midway advance from £1.52m. to £1.86m., Aberdeen Construction Group finished 1976 with record taxable profits of £4.53m. compared with £3.8m.

Profit includes a credit of £282,672 against £170,578 for regional development grants and a debit for finance charges of £11,407 compared with £54,280.

At the interim stage the directors said that in spite of difficulties maintaining turnover they anticipated a marginal improvement in profits for the full year.

Turnover for 1976 fell from £53.43m. to £49.63m.

Earnings per 25p share are stated as 22.28p (14.99p) and the dividend is lifted to 4.125p (3.75p) with a net final of 2.525p.

There was a loss of £10,344 for subsidiary assets and an extraordinary debit of £605,942 for 1975.

comment
Lower interest charges are once again a major feature of Aberdeen Construction's profits growth. After cutting its overdraft from £5.4m. to £1.4m. in 1976 the group moved into a liquid position by the end of the year and profits finished 26 per cent higher pre-tax. Before both interest charges and regional development grants the growth rate is only 6 per cent, reflecting improved profits from local authority housing but reduced contributions from the concrete and civil engineering divisions. The cuts in local authority and Government spending cast a fairly large shadow over the immediate prospects with new civil engineering contracts particularly hard to find at the moment. But the group which is almost entirely concentrated in the North East of Scotland should benefit from any resurgence of North Sea activity and the stronger balance sheet leaves it well placed to survive the current lull. In the meantime the yield of 7.8 per cent is hardly exciting but the p/e at 8.9 is an undemanding 3.6.

comment
The 64 per cent jump in pre-tax profits at Porter Chadburn is mainly due to recovery in demand for pub equipment. That the brewers started buying again in 1976 is also witnessed by the improved results from MK Refrigeration. In Porter's case the profits were also helped by rationalisation such as the relocation of two Darwen factories in Blackburn. Greater efficiency has meant that no extra staff has been needed despite the increase in volume sales. The balance sheet also has benefited from some attention, with debtors and stock advancing at a slower rate than turnover, allowing the overdraft to be changed into a credit balance. After such a rise in profits, the pace now must slacken but the order book in brewery equipment still looks good. The great unknown is when the other divisions will recover. The shares at 89p yield 8.4 per cent on a p/e of 5.1. And now that the profits have broken through the 5m. barrier, the company should start to appeal to a wider range of investors.

LLOYDS BANK CONVERSIONS
Lloyds Bank have received 40 applications from loan stockholders relating to the conversion of £37,041 of loan stock in respect of which 16,297 shares have been allotted in accordance with the Trust Deed.

AP Cement volume drop
Shareholders in Associated Portland Cement were told by Mr. J. A. F. Blunt, the chairman, that sales volume at the end of 1976 was 23 per cent under the peak demand of 1973 and that a further decline of "at least 10 per cent" could be expected in the current year over the 1976 figures.

The group, which enjoyed a substantial increase in exports during 1976, reported pre-tax profits of £32.2m., against £46.6m.

Porter Chadburn tops £1.1m.

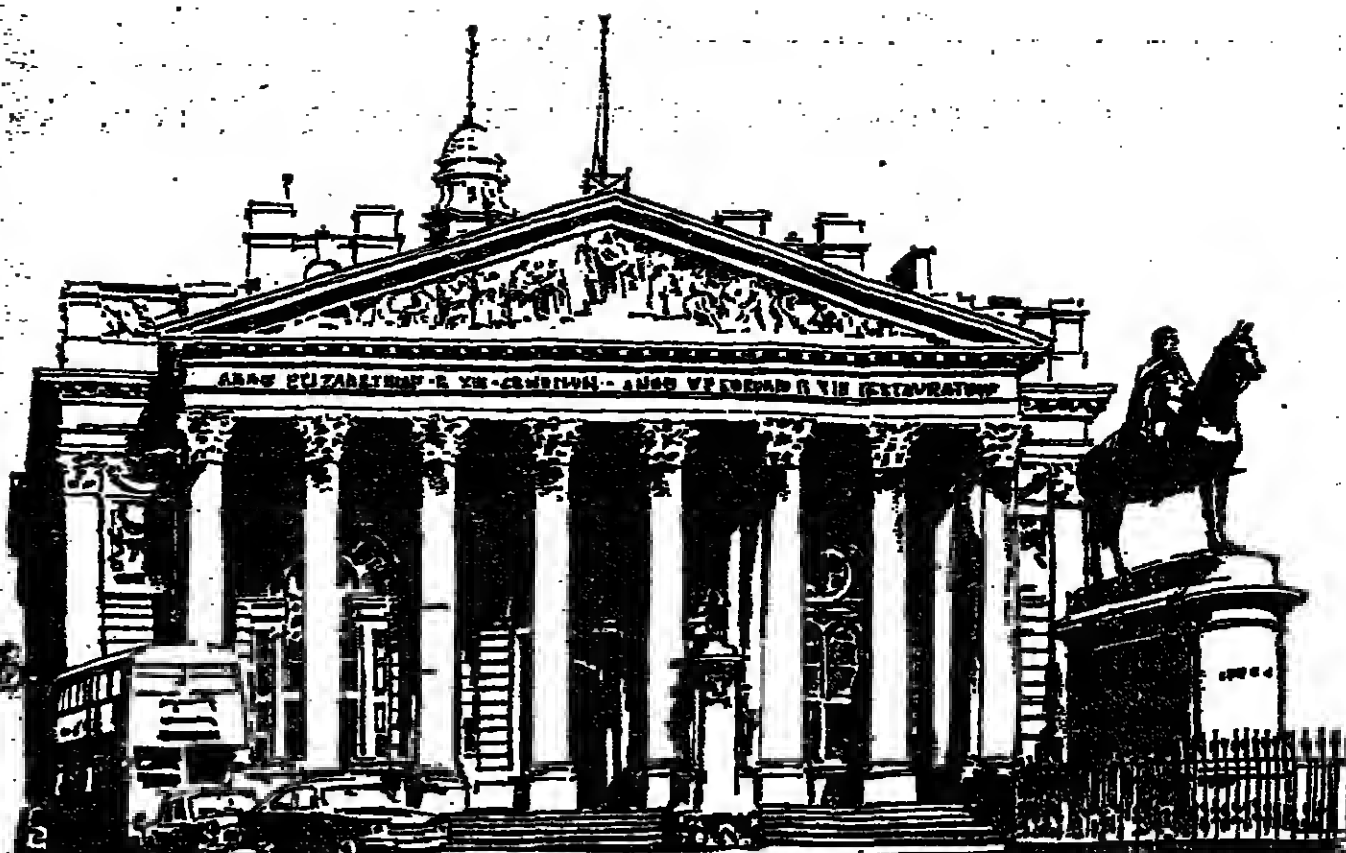
A sharp rise in pre-tax profit from £0.6m. to a record £1.13m. is announced by Porter Chadburn for the 53 weeks ended Jan. 6, 1977. In November last year the directors forecast second-half results "somewhat greater" than the first half £607,000 (£557,000).

Earnings per share for the year are shown to be up from 10.81p to 16.88p per 20p share - a second interim dividend of 3.412p lifts the total from 4.22p to 4.779p net, as forecast.

The directors recommend that should the rate of the associated tax credit be reduced in respect of the fiscal year 1977-78, any additional dividend required to maintain the total dividends (inclusive of tax credits) at 7.288p per share be paid as a final dividend at the same time as the interim dividend is paid in respect of the current year.

The improved cash flow has enabled the directors to embark on a capital expenditure programme amounting to approximately £0.5m., including some plant modernisation and provision of additional capacity, together with an extension of the production range in the brewery refrigeration field. This together with attendant working capital will be financed by existing resources.

1976-77	1975-76
Turnover	11,054,000
Profit before tax	1,132,000
Taxation	37,000
Net profit	1,095,000
Preference dividends	1,500
Interim dividend	42,000
Second interim	136,284
Exceptional debits	112,000
Retained	364,899



Guardian Royal Exchange Assurance

EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN, J. E. H. COLLINS MBE DSC

A Difficult Year
Insurance is a risk-taking business and although 1976 was a difficult year it is satisfactory that we have not only made an increased profit but have also made a larger profit on our basic business of short term underwriting.

We are recommending a final dividend which, with the interim dividend, includes the maximum increase allowed by the Government.

Underwriting Home
We were reminded early in 1976 of one of the factors that have made insurance planning so unpredictable in recent years - the natural hazards of weather, storm, flood and drought.

In January we suffered heavy storms in the United Kingdom, and during the summer we experienced a very severe drought. Both these resulted in the company and the industry receiving claims for storm damage and subsidence running into millions. Fortunately we saw some improvement in the fire account in the fourth quarter, and our fire operations showed a modest profit. It is pleasing that we were able to produce a small profit on our motor account but our accident business also suffered from heavy claims from weather losses and, after making adequate provision for outstanding and future claims, this account shows a fairly substantial loss.

The control of expenses plays a major role, and whilst inevitably the total of expenditure increased, we were able to keep the percentage rate of the increase within the limits anticipated covered by the volume of premiums we wrote. The management of our home operations are to be congratulated on making a profit after facing all the problems of last year, and on their continuing efforts in the control of expenses.

Overseas
Whilst in the past few years the home account has made the largest contribution to our profits, in 1976 our overseas division produced excellent results in a number of territories and made a useful overall contribution.

There were, however, substantial differences in the results from different areas, which again emphasises the advantage of the wide geographical spread of our business.

Our important interests in Canada and Australia both showed considerable improvement. Much credit is due to the management in both territories, particularly to the management in Australia, which has made a very good recovery. Brazil had an excellent year and we had continuing profits from our Far East operations, from our insurances of overseas risks written in the London market, and from New Zealand after some years of poor results. Germany and Holland were affected by the storms in January and intense competition although our losses in these two countries were to some extent offset by good results in France.

Marine and Aviation
Premium growth was inhibited by the slow recovery from the world recession of 1975. The volume of goods in transit failed to rise, ship values remained depressed in line with freight rates, and new ship orders declined.

In addition, British underwriters had to contend with the devaluation of sterling, continuing inflation and serious competition due to over-capacity in the market at home and the expansion of emerging markets overseas.

Overseas, however, there has been some improvement and I would especially mention the satisfactory results achieved in Australia, the U.S.A., Brazil, and Hong Kong.

Despite all the difficulties the results of our marine and aviation operation have enabled this side of our activities to make a useful contribution to our profit and loss account.

Life
The volume of new life assurance and annuity business continued to expand at home and overseas. The world-wide total of sums assured in 1976 at £2,420m is more than twice the figure we wrote in 1972. The fall in the exchange value of the pound and continuing inflation in a number of countries have had some effect on the figures, but they nevertheless still illustrate that the value of life assurance continues to be widely recognised.

	1976	1975	1974	1973	1972
	£m	£m	£m	£m	£m
Net New Business					
Sums assured	2,420.8	2,014.4	1,593.4	1,264.8	1,160.6
Annual premiums	37.8	39.3	24.3	20.7	16.8
Single premiums	19.0	13.0	22.5	23.5	20.5
Amortised per annum	51.8	39.7	35.3	27.9	18.5

On the Guardian fund there has been a further rise in the margin between the average valuation rate of interest used and the yield on the fund and in consequence we have once again been able to increase the rates of reversionary bonus for most classes of policy, whilst at the same time maintaining the rates of terminal bonus.

Profit and Loss Account
The good profits from our operations in 1976 have been carried through to 1976 despite all the problems faced by the insurance market last year.

Investment income continued to develop as planned in relation to the funds generated by our new business, although the increase from our funds in Germany was lower than usual due to local conditions and the sharp drop in yields in that market.

Balance Sheet
During the year additions were made to all the major classes of investment although again greater emphasis was placed on fixed interest stocks to secure the high yields available, particularly in the United Kingdom.

At the same time we continued our policy of making contact with many of the companies where we already have substantial investments. We have found these contacts valuable and we are always ready to support commercial ventures that make equity funds more readily available to British industry.

SUMMARY OF RESULTS

	1976	1975
	£ millions	£ millions
Premiums written - Fire, Accident, Motor and Marine	560.7	427.1
Investment Income	58.5	49.2
Less Interest Payable	6.7	6.7
	51.8	42.5
Transfers to Profit and Loss Account		
Fire, Accident, Motor and Marine	3.8	2.1
Life	5.5	5.0
Profit before Taxation	61.1	49.6
Less Taxation	28.6	24.7
Profit for year after Taxation	32.5	24.9
Less Preference and Minority Interests	1.4	.6
Profit for year after taxation, available to Ordinary Shareholders	£31.1m	£24.3m
Dividends to Ordinary Shareholders	£11.6m	£10.4m
Profit transferred to Retained Profits	£19.5m	£13.9m

Staff
Throughout the world the staff have during 1976 once again given us the support that we have come to expect. We do not take this for granted or as a matter of course, and the directors and I would like to make it clear that our thanks to them are no mere formality.

Staff in many countries continued to suffer from the pressures of inflation. Excessive inflation discourages all levels of staff, but particularly those for whom incomes control and penal tax rates substantially erode purchasing power. It is encouraging that they have not allowed these pressures to diminish their efforts or weaken their loyalty to the company. We keep their position constantly in mind but the restrictions of incomes policies, the cost of maintaining existing pension benefits and the difficulty of achieving satisfactory underwriting profits leave little margin for us to improve the terms of service at present.

The reports of the Bullock Commission will clearly lead to much public debate. At the moment I can see no benefit, if the majority report were to be implemented, to the welfare of our business and to the profitability and security of service on which the prospects of all our staff depend, particularly also as the largest part of our business is conducted overseas.

Prospects for the Group
Last year I said I did not think that 1976 would be quite as good an underwriting year as the preceding year and I was happy to be proved wrong. We are only a little way into the present year, but unless there are many major disasters, or freak weather conditions, I think the results should again improve.

Nationalisation
We have planned ahead for those business functions with which able and qualified businessmen can deal but regrettably there are some unpredictable factors arising from politics. I refer to the proposals put forward by an element in the British Labour Party for the nationalisation of a number of leading insurance companies and banks. Fortunately the Prime Minister has said that this is not Labour government policy and I think the chances of any developments in this field are remote.

However, the very fact that this suggestion has been put to, and received support at, a Labour party conference damages our image overseas - we trust only temporarily. It cannot be too often repeated that the nationalisation of industries does not, certainly in this country, contribute in any way to the national wealth, that there is now a quite considerable reduction in the percentage of the population who are still engaged in private enterprise and that it is this sector who produce the profits on which we all live. In this sector is included the invisible earners - banking, shipping, commodity markets, tourism and the very important British insurance industry which in 1975 (last year's figures are not yet available) brought in £978m. The insurance industry's contribution (insurance companies, brokers and Lloyd's) was £452m.

The profits from business like ours provide the basis of finance for industry - and for employment within industry - and influence the future prosperity of all of us in Britain. Without nationalisation we can make our full contribution, restricted by it the problems of the country will increase. I hope that wise counsel will prevail, and the industry and the country will staunchly oppose any action which will damage what is a great heritage.

Copies of the Annual Report for the year 1976, containing the Chairman's Statement in full, obtainable from the Secretary, Guardian Royal Exchange Assurance Limited, Royal Exchange, London EC3V 3LS.

1976-77	1975-76
Group profit	1,095,000
Profit before tax	1,132,000
Group tax	37,000
Associate tax	1,500
Profit	1,095,000
Interim dividend	42,000
Final dividend	136,284
Retained	364,899

Optimism at Davies & Newman

Although there are factors which can intervene at short notice to affect the results of Davies and Newman Holdings Mr. F. E. Newman, chairman, reports that the outlook at present looks satisfactory.

In 1976 group pre-tax profit expanded from £1.8m. to £1.88m. The year has been a busy one for the shipbroking side. Revenue was steady but rising costs continue to erode profits in this section.

On the aviation side Dan-Air and its engineering subsidiary expanded both in size and profitability during the year and were responsible for the overall increase in group profits. Turnover rose by 59 per cent due to several factors including extra capacity offered, additional aircraft engineering business and the decrease in the value of sterling, which in turn raised the price of fuel.

Activity on the aviation side remains high and a busy summer season is forecast. The level of activity in markets served by the shipbroking company and the business already concluded signify the likelihood of a satisfactory result for the year, says Mr. Newman.

At the year end there was a decrease in net liquid funds of £1.53m. (£0.86m. increase). Deposits and short-term loans were down from £32.2m. to £18.5m. and cash and bank

Fairclough order book growth

Mr. Oswald Davies, chairman of Fairclough Construction Group, reports that the order book has grown by £30m. over the year. He also told holders that the Board's optimism.

The name of the Company was changed from Leonard Fairclough to Fairclough Construction Group at an extraordinary general meeting.

Good start for R. Cartwright

At the annual meeting of Cartwright (Holdings), Mr. C. Northam, the chairman, said that due mainly to casualties of economic situation and take over, the group's position was £3.01m. and cash and bank

comment
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The group, which enjoyed a substantial increase in exports during 1976, reported pre-tax profits of £32.2m., against £46.6m.



Brazil: agriculture's new giant.

May we introduce you?

If, when you think of Brazil's exports, you think of coffee, you are only half right. Soyabean run it very close. In fact there have been years when soy actually overtook coffee.

Twenty five years ago there was no commercial production at all. Today, with output of 13 million tonnes, Brazil is second only to the United States as a soyabean producer.

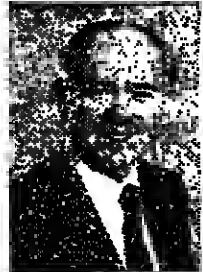
This is typical of the recent history of Brazil's economy - a story of sustained growth in all sectors. Yet Brazil is still by any definition a developing country, and with its 110 million people offers boundless opportunities to European businessmen.

To this gigantic and expanding market the Bank of Brazil is your most knowledgeable and competent guide. We are the biggest bank in Latin America and the biggest agricultural bank in the world. We understand, naturally, all the ins and outs of foreign trade, fiscal and company law, and the numerous investment incentives. We know everyone who matters in commerce and industry. And we offer a total international banking service. Call us.

BANCO DO BRASIL S.A.

Guardian Royal Exchange Assurance

AURORA- ANOTHER RECORD YEAR



Points made by the Chairman, Mr. Robert Atkinson, in his Report for the period ending 31st December 1976.

- Sales Increase 54%
- Profits Increase 53%
- Earnings per Share Increase 48%
- Two Successful Acquisitions during period
- New Factory built in Sheffield
- Programme for Further Investment in Machinery and Modernisation
- Confidence in Increasing Profitability
- Increased Final Dividend

Results

	June 1972	June 1973	June 1974	June 1975	Dec. 1976	Dec. 1976
Sales (£000)	8474	8303	12377	15456	23786	25382
Profit (£000)	228	409	1268	1385	2115	2387
Earnings per share (p)	3.4	6.5	16.5	17.6	28.1	31.77
Dividend per share (p)	2.19	3.06	3.35	3.90	4.29	6.44

* 12 months annualised ** 18 months period

Copies of the Report and Accounts are available from—The Secretary, Aurora Holdings Ltd., Aurora House, 61 Manchester Road, Sheffield S10 5DY

BIDS AND DEALS

ICI places Tootal holdings for £4.7m.

Imperial Chemical Industries yesterday placed its entire holding of 11,984,770 shares in Tootal, the textiles and retail group, among a number of institutions. The shares, which represent some 6.2 per cent. of Tootal's equity, were placed at 41.5p per share, putting a total value on the transaction of £4.96m. The Tootal share price closed 1p higher last night at 42.5p.

Blockholders Hoare Govell handled one half of the shares placed, with Simon and Coates and Laidlaw and Cruickshank sharing the remainder.

The reason for the sale of the stake, which has been held since 1963 and which recently came to light following the new requirement to declare holdings of over 5 per cent. under the Companies Act, has not been given. However, it is probable that ICI took the view that the textile producer should not be so closely associated with another.

THORN BUYS FOR PENSION FUND

Thorn Electrical Industries has bought the private Hanover St. George Securities property group for its pension fund. The agreed purchase price is £5.2m, after taking into account long-term mortgage indebtedness as a continuing liability of the company.

Hanover's present property portfolio is entirely let and yields a net rental income approaching £1m. before mortgage interest.

Thorn will make the acquisition with cash in three instalments spread over nine months. In addition, the purchase price will be adjusted to include further moneys reflecting Hanover's net euro assets as at March 31, 1977.

Immediately following completion the property portfolio of Hanover will be sold to Thorn Pension Trust.

LAURENCE SCOTT IN TALKS

News that Laurence Scott, the electrical equipment manufacturer, is holding talks which could lead to an offer being made for the group lifted the share price by 27p yesterday to 106p. The shares had been rising beforehand and have come up from 57p at the beginning of March.

The identity of the other party is not known but Advest and Dr. Dan McDonald (the former director of BSR), both of whom recently declared sizeable holdings under the new requirements of the Companies Act 1976, were last night being ruled out as possibilities.

Mr. Paul Tappin, chairman of Laurence Scott, said last night that the approach had been unsolicited and that the group's preference was to remain independent.

BOOKER MCCONNELL PROPERTY SALE

Booker McConnell has sold the properties at Methone which came into its ownership on the acquisition of Kinloch (Provision Merchants). Net proceeds at £4.25m. were slightly in excess of the valuation disclosed in connection with the offer for Kinloch.

The Booker directors have declared a second interim dividend of 3.48p payable July 1. This is equal to the amount of the final dividend shareholders would have been asked to approve in accordance with resolution 2 in the notice of the AGM.

In the circumstances, resolution 2 covering the payment of a final Ordinary dividend will not be put to the shareholders because so far, the Treasury has not confirmed that ACT will be reduced to 33 per cent.

B. ELLIOTT/NEWALL

The Ordinary shares of Newall Machine Tool (the subject of an agreed offer worth £2.4m. from B. Elliott and Co.) will be purchased with all rights attached including the right to the dividend for the year ended March 31, 1977. In yesterday's report on the bid it was implied that Newall holders would retain the right to the dividend for 1976-77.

BIRMID/BACO

Agreements have been signed whereby Birmid and Aluminium (BACD) has acquired a one-third interest in Birmetals, a wholly-owned subsidiary of Birmid. Quoted and Birmid has acquired all

of William Mills, a wholly-owned subsidiary of BACO.

The book value of the assets involved amounts to substantially less than 5 per cent. of total shareholders' net tangible assets of either party.

ALBRIGHT AND WILSON IN SINGAPORE

Albright and Wilson has taken a 45 per cent. stake in a detergent manufacturing subsidiary in Singapore. The move follows the group's traditional pattern of establishing manufacturing capacity in areas where it makes or expects to make heavy sales of chemical raw material.

The group yesterday declined to reveal the cost of the deal but it is believed that it is paying less than £1m. for its 45 per cent. interest in UIC Organics, a subsidiary of the United Industrial Corporation of Singapore.

The subsidiary which operates a sulphonation plant—an essential process in the manufacture of detergents—will now include the Marchon trade name, used by Albright, in its title, becoming UIC-Marchon Ltd.

As a first stage Albright will supply technical and marketing experience to the company but it could later reach agreement on supplying raw material.

At the annual meeting Albright shareholders were told by Mr. Sydney Ellis, the chairman, that the deal is up to all expectations and we have a sound base for the long term. He added that the group had achieved a sales level of £1m. per day in March for the first time in the company's history.

ELLERMAN BUYS CCH STAKE IN GOD CASE TRAVEL

CCH Investment has accepted an offer by Ellerman Lines in respect of its 30.4 per cent. shareholding in God Case Travel for £807,000, compared with a book value of £447,000. The whole travel company is valued at about £2m.

CCH has also made arrangements with Allied Breweries whereby Allied, subject to CCH shareholders' approval, will provide a £250,000 ten-year convertible loan to the group's Scottish subsidiary, Belhaven Brewery Company.

Belhaven and Allied's Scottish operations, under the name of Belhaven and Allied, the sole suppliers of lager through the Skol brand to Belhaven's customers, while brewers of cask conditioned beer, Belhaven, is a supplier of its sweet stout to the Allied outlets in Scotland.

PANEL RULES ON KADUNA BID

Major shareholders of Kaduna Systems, headed by former Selukwe Gold Mining for their 38.25 per cent. stake, have been ruled as acting in concert with the Panel on Take-overs and Mergers, but the Panel says that they are not obliged to make a cash offer of 17 1/2p a share—the price paid by one investor, Temple Investment, for its 29.5 per cent. holding in May 1975.

However, the Panel has ruled that the 8.7 stake held by Mr. G. W. Jarvill should not be allowed to influence the offer, and Selukwe, headed by former Edward Bates director Mr. Denis Barkway, has agreed not to declare the offer unconditional until acceptances exceed 58.7 per cent. of Kaduna.

In a further ruling, the Panel says that should the offer not become unconditional, the present 38.25 per cent. holding held by the two shareholders should be reduced below 30 per cent. by disposing of them to persons not acting in concert under the meaning of the City Code.

SALES BY SCOTT'S RESTAURANT

Scott's Restaurant has agreed terms to sell its freehold interest in properties in Coventry St and Great Windmill St, London, W.1., for £1.4m. The property was valued in the last accounts at £207,479 and showed rental income for 1975 of £61,974. Out of the £1.4m. consideration,

Scott's will have to pay Capital Gains Tax and the outstanding mortgage principal of £137,000. The directors state that they are advanced to talks to take a lease of London premises where they propose to extend catering and leisure activities. Rental would be £130,000 and there would be considerable fitting-out costs.

Sale proceeds of the Coventry St property will be retained to finance this and other projects under consideration. Details of both transactions will be sent to shareholders when terms on the new premises are agreed.

MANN & OVERTON TAKE CHANGES HANDS

News that Lloyds and Scottish has bought a 23.2 per cent. stake in Mann and Overton, the London Taxi cab specialist, and the London Finance group, brought a sharp 10p rise to 105p in the company's shares price yesterday.

The 23.2 per cent. stake was acquired from Finance and Investment Company for £225,000 at 100p a share and is thought to be substantially the same stake as the 22 per cent. stake which started with Wilm Industries in February of this year.

Discussions are now taking place between Mann and Overton and Lloyds and Scottish about future co-operation but both sides say that it is too early to indicate whether this might result in an offer being made by Lloyds and Scottish. A further announcement is expected in due course.

RAINE/SHEFFIELD OFFER LAPSES

The offer by Raine Engineering Industries for Sheffield Brick has lapsed following acceptance of 129,053 shares.

YULE CATTO/KLK

The long drawn out talks between Yule Catto and Kuala Lumpur Kepong Berhad, on their mutual interests in Malaysia which started with the purchase by KLK of a 20 per cent. stake in Yule Catto in March 1976, have been terminated by mutual consent.

Yule Catto said that it understood that KLK intended to continue to hold its stake, which included its 40 per cent. stake in Yule Catto's shares 4p lower at 51p, as an investment.

Talks between the two companies were hindered last year because of legal action brought against Yule Catto by Telok Plantations on the basis of an alleged agreement to merge the Malaysian interests of the companies. This was resolved by an agreement to form a joint property investment company in Johore.

EDWARD LUMLEY

Edward Lumley Holdings, the international insurance broking group, has acquired a substantial stake in C. Howard and Partners, a leading specialist in school fee planning. The latter has now become a limited liability company but will continue to trade under its present name, and the restructured firm will continue to trade as a separate entity concentrating on its successful school fee planning service, including the Howard Private Education Trusts.

Tube Investments: Mr. T. E. Barnsley, director, has sold £1,000 of Ordinary stock.

UKO Int'l: Mr. G. C. D'Arcy Biscoe, director, has sold 6,575 Ordinary shares.

Allied Colloids Group: Mr. J. Binnie, director, has sold 1,000 shares and Dr. R. Gill, also director, has sold 25,000.

Marshall Cavendish: Mr. R. A. C. Vivian, director, has sold 910 shares and now holds 50,000. British Printing Corp'n. has sold 2,338,578 and no longer holds any shares.

Carless, Capel and Leonard: Mr. D. H. Leonard, director, has sold 1,000 shares from his personal holding.

Sangers Group: Mr. P. J. Viggers has purchased 1,000 Ordinary and Mr. R. A. Branson 1,000.

Marshall Cavendish: Mr. R. E. Butler-Henderson has disposed of 51,666 Ordinary held as a trustee, and Derby Trust has disposed of 180,000.

SHARE DISCLOSURES

Tesco Stores (Holdings): Mr. H. Krumm, a director, has sold 200,000 shares from his non-beneficial holding.

Hampson Trust: Edward Bates and Sons (Holdings) holds 800,465 Ordinary (5.17 per cent.).

F. H. Tomlinson: Brookhouse Staff Pension Scheme holds 1,290,501 (5.1 per cent.) Ordinary in the nominees.

H. and R. Johnson-Richards: Tites: London Brick Company beneficially holds 353,000 Ordinary (9.75 per cent.).

Ellis and Everard: S. Everard, a director, has sold 7,500 Ordinary.

Phoenix Assurance Company: Mr. E. W. Phillips, a director, has acquired 17,206 shares.

Sale proceeds of the Coventry St property will be retained to finance this and other projects under consideration. Details of both transactions will be sent to shareholders when terms on the new premises are agreed.

City of Aberdeen Land Association: Mrs. M. Ball, wife of a director, has purchased 10,500 Ordinary and Mrs. S. R. Ledingham, also a wife of a director, has purchased 5,000 Ordinary.

Border Breweries (Wales): Mr. R. Foster, a director, has disposed of 2,000 Ordinary.

Aarons Bros.: Mr. M. H. Ezze, a director, has sold 1,533 Ordinary.

London Investment Company: Mr. A. B. Henderson, a director, has sold 3,948 Ordinary.

Guest Keen and Nettlefold: Company has been informed that the following directors and wives intend to take up their rights in relation to the recent issue—Mr. G. H. Holdsworth, 228; Mrs. M. R. Holdsworth, 173; Mr. P. J. Curtis, 260; Mr. T. F. Honeis, 248; Mr. J. F. Insch, 563; Mrs. J. F. Insch, 159; Mr. O. R. E. M. Hahn, 2,630 (6 per cent. non-beneficial); Mrs. J. P. Hahn, 309; and Mrs. J. Parsons, 49 shares.

Gadek Malaysia: Mr. H. M. Robinson is beneficially interested in 299,383 Ordinary and non-beneficially interested in 5,190 Ordinary, a total of 6.2m.

Muar River Rubber Co. Majedie Investments, and subsidiaries are interested in 673,638 shares.

Aurora Holdings: Mr. J. Rowe, Mr. R. C. Hendry and Mr. P. L. Nedd are holders of 231,001 Accumulation shares (7.9 per cent.).

Time Products: ITC Pension Trust holds 773,350 Ordinary (7.83 per cent.).

Time Products: Imperial Group is interested in 773,350 Ordinary (7.83 per cent.).

Malayan Holdings: Barclays Bank Trust Company holds 170,000 shares in the name of Barclays nominees for M. and G. Midland and General Trust Fund.

Aurora Holdings (Holdings): John M. Menzies holds 1,074,233 Ordinary personally, and 601,160 as a trustee, a total of 24.35 per cent.

A holding in trust for his infant daughter of 357,450 shares is included in both personal and trustee holdings. D. F. Ramsay holds 619,313 (9.178 per cent.). C. A. Ramsay holds 806,233 (8.881 per cent.). A. H. Noble and others, executors of F. Menzies, de cede hold 964,702 (4.292 per cent.) and D. C. Thomson and Company holds 458,841 (6.795 per cent.) shares.

Newarhall: Company has been informed following holdings in its Ordinary and capital shares respectively. Sir Robin McAlpine 2,546,467 (35.46 per cent.), Sir Edwin McAlpine 2,710,499 (27.1 per cent.) and 1,892,515 (27.2 per cent.), M. D. McAlpine 2,709,459 (27.09 per cent.) and 2,048,549 (35.66 per cent.), M. D. H. McAlpine 2,709,966 (27.1 per cent.) and 2,048,530 (35.66 per cent.), R. McAlpine (35.96 per cent.), W. H. McAlpine 2,985,429 (29.53 per cent.) and 2,239,910 (39.34 per cent.), R. A. McAlpine 2,339,144 (23.39 per cent.) and 1,319,124 (23.96 per cent.), L. M. McAlpine 318,659 (3.18 per cent.) and 1,199,247 (20.38 per cent.), D. M. McAlpine 500,000 (5 per cent.) and 384,816 (6.7 per cent.), C. McAlpine 500,133 (5 per cent.).

Pharos (London) Investment: Mutual Insurance holds 940,843 Ordinary (5 per cent.).

Parker Knolls: Mrs. M. M. Knolls (SA) holds 2,000 Ordinary.

Pyramid Group (Public): Starwest Investment Holdings subsidiary, Goldfish, 192,380 Ordinary (5.9 per cent.).

Second Great Northern: Investment Trust: ITT Hartford and Abbey Life Group 940,843 Ordinary.

James: James Holdings: C. W. Ward holds 233,438 (5.4 per cent.).

Brown Shipley Holdings: Mutual Assurance holds 17,000 Ordinary (17.5 per cent.).

S. Leibel (Fobel): Mr. L. Leibel, director, sold 23,000 shares.

RBA Group: Mr. D. M. P. chairman sold 17,000 Ordinary from family holdings.

Property Holdings and Investment Trust: Mr. A. W. director, purchased 17,000 shares. Cumulative 17,000 shares.

Armour Trust: Mr. J. Bolcombe has been interested in a trustee of three settlements which he, his wife or his children are discretionary beneficiaries of these settlements have 37,500 Ordinary shares.

Order: Patrick Group Pension Trust, Investments, 420,000 Ordinary.

West Coast and Tean: Investment Trust: Sun Assurance and London Assurance 250,000 Ordinary (2.55 per cent.).

Sungai Krian Rubber: Mr. G. R. Burling and Mr. M. Burling jointly hold 27,701 shares.

K. N. Sharpe: London Assurance holds 328,300 Ordinary.

Mrs. R. L. A. Latham is a trustee of which his daughter Latham has transferred 50 shares from his own holding that of his daughter, Miss P. Latham. Also the trustee of Mrs. R. L. A. Latham is a trustee, recently purchased shares in the company.

Berry Trust: Abbey Life Group interested in the 600,000 shares held in the name of Abbey Life Assurance and ITT Hartford Europe, being the ultimate beneficial owner, is showing interest in the company.

George Spencer: Mr. T. E. Elmes at April 15 was interested in 297,562 Ordinary and 19,200 Preference. Hitherto these have been shown as a director's holding.

Christopher Moran Group: has disposed of a proportion of its shares and holding is longer in excess of 5 per cent. Some nominees were actual nominees for Raif and 728,534 shares. Westland 20 months following the disposal part of its holding is now beneficial owner of less than 1 per cent. of Moran shares. Westland's holding, which registered in the name of Raif Nominees, now amounts to 728,534 shares.

Portals Holdings: Mr. J. J. Sheffield, a director, has 6,230 Ordinary, thereby reducing his holding to 106,500.

Antofagasta (Chili) and Railways: Bordenstock Investments holds 110,000 5 per cent. preferred stock and 700,000 Ordinary, both holdings being under the name of Barm Nominees.

Stemhouse Holdings: Mr. W. Wilson, director, has noted company that a trust of which he is a trustee, has purchased 22,800 Ordinary.

Thorn Electrical Industries: Mr. P. W. Bennett, director, purchased 500 Ordinary.

Allied Plant Group: Mr. J. Keayard has sold a further 90 shares reducing his holding to 277,074 (5.36 per cent.).

MONEY MARKET Further signal on rates

Bank of England Minimum Lending Rate 8 1/2 per cent. (since April 29, 1977)

With a continued shortage of day-to-day credit in the London money market yesterday the authorities took the opportunity to reinforce the previous day's message on interest rates. The authorities lent a moderate amount overnight to three or four discount houses at Bank of England Minimum Lending Rate of 8 1/2 per cent., and also lent a moderate amount for seven days to the same number of houses, to indicate once more that the authorities are looking for some Treasury bills repayment of overnight and seven day official advances to the market, and sell ment of the authorities' sale of discount houses paid 7 1/2 per cent. for secured call loans in early part, and closing bills were taken at 5 1/2 per cent. In the interbank market overnight loans opened at 7 1/2 per cent. and touched 8 1/2 per cent. and closing at 7 1/2 per cent. in places.

Discount houses' buying rates for three-month Treasury bills showed little change and continue to indicate a probable cut of 1/2 per cent. to 8 per cent. Minimum Lending Rate on a market related formula.

Bank of England Group Treasury balances, and Government disbursements, exceeded revenue payments to the Exchequer. These were outweighed however by a net market take-up of Treasury bills, repayment of overnight and seven day official advances to the market, and sell ment of the authorities' sale of discount houses paid 7 1/2 per cent. for secured call loans in early part, and closing bills were taken at 5 1/2 per cent. In the interbank market overnight loans opened at 7 1/2 per cent. and touched 8 1/2 per cent. and closing at 7 1/2 per cent. in places.

May 5 1977	Overnight	21 days	1 month	3 months	6 months	9 months	12 months	18 months	24 months
Bank of England	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Interbank	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Local Authority	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Finance House	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Company Deposits	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Discount market	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Treasury bills	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Bill/Bank	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4
Prime	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4

Local authorities and finance houses seven days' notice, others seven days' notice. London money market authority rates nominally three years 11 1/2 per cent., four years 12 1/2 per cent., five years 13 1/2 per cent., six years 14 1/2 per cent., seven years 15 1/2 per cent., eight years 16 1/2 per cent., nine years 17 1/2 per cent., ten years 18 1/2 per cent. Buy rates for four-month bank bills 7 1/2-7 3/4 per cent., for four-month trade bills 7 1/2-7 3/4 per cent. Approximate selling rate for one-month Treasury bills 7 1/2-7 3/4 per cent., two-month 7 1/2 per cent., and three-month 7 1/2 per cent. Approximate selling rate for one-month bank bills 7 1/2 per cent., two-month 7 1/2 per cent., and three-month 7 1/2 per cent. Finance House Base Rate (published by the Finance House Association) 9 1/2 per cent. from May 1977. Clearing Bank Base Rates for lending 8 1/2 per cent. Treasury bills. Average tender rates of discount 7.00 per cent.

GREENBANK INDUSTRIAL HOLDINGS LTD.

SIXTH YEAR END AS QUOTED COMPANY

Year to 31st Dec	1976	1975	1974	1973	1972	1971
Sales	£'000	£'000	£'000	£'000	£'000	£'000
Profit before tax	7,429	5,274	4,782	3,084	2,039	1,436
Profit after tax	(2,007)	(1,602)	(1,304)	(312)	(182)	(38)
Net Tangible Assets	1,486	973	737	406	270	423
Dividend per Share	2.0p	1.82p	1.23p	0.97p	0.74p	0.18p

A.G.M. Wednesday, May 11th
Dunkenhalgh Hotel, N. Blackburn

Report and Accounts may be obtained from the Secretary, Gata Street, Blackburn, Lancs. (0254) 56401.

The John Lewis Partnership

department stores and Waitrose supermarkets

Summary of Results for the year ended 29th January 1977

The business of the John Lewis Partnership belongs to those who work in it—the whole of the equity of John Lewis Partnership Limited being held in trust for that purpose. The profit that remains, after the payment of interest on loans and fixed preference dividends and after profit retentions, is distributed as Partnership Bonus among all those who work in the business in proportion to their year's pay.

Sales increased by £63 million to £370 million (20%). Department store sales rose by £33 million (18%) and sales in Waitrose supermarkets by £27 million (23%).

Profits did not rise as much as sales because of lower gross profit margins and sharp increases in costs. Nevertheless, the balance available for profit sharing and retention rose satisfactorily by £2.5 million (18%). Retentions totalled £5.5 million and the Partnership Bonus distribution was £6.6 million—15% of pay.

For copies of the full accounts please telephone 01-637 3434 Ext 6221 or write to Chief Information Officer, The John Lewis Partnership, 4 Old Cavendish Street, London W1A 1EX.

John Lewis Partnership Limited Consolidated Results

	1976/77	1975/76
Sales (including VAT)	£'000's	£'000's
	369,721	307,089
Trading Profit after depreciation but before interest	26,401	22,749
Profit after interest	23,522	20,266
Balance after taxation and preference dividends	16,135	13,609
Use of balances:		
Pension Funds contributions	4,048	3,402
Retentions in the business	5,529	5,471
Partnership Bonus	6,560	4,736
As a percentage of pay	15%	13%
Capital employed at the end of the year	134,953	118,830

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Joy, 10/15/76

BICC to raise borrowings

THE FINANCIAL position at BICC is strong but the directors consider it necessary to plan for a downturn in economic activity and for consequential increases in working capital resulting from the rise in the price of copper. Mr. C. H. Sprogbton, chairman, says: "For this reason the directors are seeking to increase borrowing by one and one-half times the aggregate of capital and reserves which at December 31, 1976, stood at £270 million. The chairman tells members in his annual statement that the group will continue to fight for an increasing share of the market—some heavy investment programmes are currently under way in several factories but there will be a tendency for new plants to be angled towards export markets, techniques of cable design.

They also intend to widen still further the scope of the international products group. Further acquisitions are planned as the opportunity arises, he adds.

Referring to Balfour Beatty, which contributed 12 per cent of total operating profit of £23.5 million during 1976, the chairman reports that the order book at the start of 1977 was a record £240m. — 66 per cent of which is either made in all policies and objectives and a continued improvement in cash flow, acquisitions, positive operating profit, already rationalisation, improved administration and personnel management will continue to further progress in 1977. By the end of 1978 the directors expect to have an economic instead of a cash flow, the continuous copper-casting plant.

At the pre-tax level, profit for 1976 rose from £22.7m. to £43.4m. on turnover up from £33.1m. to £58.4m. Volume sales dropped by 3 per cent.

Australia and New Zealand contributed 19.6 per cent of sales and Africa, Near and Middle East, 4.8 per cent.

Despite a net increase of some 200 per tonne in the price of copper in the books, net worldwide bank borrowings were only £1.8m. (£31.9m.) at year-end after taking into account the £20m. rights issue in April 1976—bank overdrafts dropped by £2.4m. (£20.5m.).

Aurora's healthy state

READING in the current year at Aurora Holdings is satisfactory and Mr. Robert Atkinson, chairman, reports further growth in 1976. He says: "The volume of goods in transit failed to rise, ship values remained depressed in line with freight rates and new ship orders declined. Market conditions preclude the possibility of any worthwhile profit. There was little change in the aviation market last year and there had been a false sense of security due to the very good experience for wide body aircraft in the market since the Turkish DC10 loss. The recent disaster at Tenerife Air-

The main stock will be repaid in three annual instalments in the years 1978-80. Each of the instalments will carry the right to convert the stock into shares during the period August 31 and October 31 in those three years at prices of 100p, 105p and 110p respectively. Full conversion would involve the issue of a further 383,837 Wagon shares.

Depending on profits up to 1980, a further cash payment of £150,000 may become payable. Share conversion rights to convert into a further 142,537 Wagon shares.

Mr. Atkinson reports that the directors estimate that over the years over-provisions for deferred tax amount to £100m. It has been decided to write this amount back into the accounts.

Statement, Page 26

GRE looking for better result

AN IMPROVEMENT in 1977 results for Guardian Royal Exchange Assurance is predicted by Mr. J. E. H. Collins in his chairman's statement, subject to the proviso that there are not many major disasters or freak weather conditions. He feels that despite the great many imponderables facing the operations of the insurance industry, the group can reasonably expect a better outcome for the current year.

The report for 1976 reveals that the group in common with other insurers suffered a fairly substantial loss on its home accident business following adverse weather. The liability account was affected by an escalation in court awards, due to the increasing rate of inflation, but it recorded a small profit on its motor account. Mr. Collins reports that the management of the home operations were able to keep the rate of increase in expenses under control and within the limits anticipated by the volume of premiums produced.

The overseas division produced excellent results in 1976 in a number of territories, with business in Canada and Australia showing considerable improvement. But Mr. Collins warns that the incentive for further improvement and the margin of profit in Canada is being inhibited by stringent Government restrictions. Brazilian operations had an excellent year and the group had continuing profits from its Far East business. Other territories had mixed results.

Mr. Collins reports that investment in all the major classes was made in 1976, but greater emphasis was placed on fixed interest stocks to obtain the high yields available, especially in the UK. The group continues its policy of making contact with many of the companies where it already had substantial investments and it was always ready to support commercial ventures that make equity funds more readily available to British industry.

It had given full support to Equity Capital for Industry and had played its full part in the underwriting of new issues. The accounts show that the value of all holdings advanced by 25m. on long-term funds and overseas government, municipal and public bonds by 145m. On short-term funds, debenture holdings almost doubled in value.

Statement, Page 25

Richards steady at halfway

PRE-TAX profit of textile manufacturer Richards was little changed for the six months to March 31, 1977, at £253,000 against £251,000 on turnover up from £4.79m. to £5.19m.

With an unpredictable and highly competitive market for the company's products, the directors say it is unrealistic to expect similar year-end results, but they should still be good. Profit for 1976/77 was a record £223,000.

Results for the half year, they add, are on budget, despite profits being reduced by £25,000 by the ending of the regional employment premium. This will cost an additional £50,000 during the second half, they say.

The interim dividend is increased from 0.2p to 0.25p net per 10p share. Total for last year was 0.827p.

Net profit was £169,000 (£165,000) after tax of £184,000 (£183,000).

(Free translation of the official French text.)

UNION MINIERE

Société Anonyme

Registered Office: rue de la Chancellerie 1, Brussels.
Brussels Registre du commerce nr. 13.377

NOTICE TO SHAREHOLDERS

Shareholders are invited to attend the Annual General Meeting which will be held on Thursday, 26th May, 1977, at 10.30 a.m. in the office of the "Société Générale de Belgique," 30 rue Royale, Brussels.

AGENDA

1. Reports by the Board of Directors, the Auditing Commission and the legal Auditor for the financial year 1976.
2. Approval of the balance sheet as at December 31, 1976, and of the profit and loss account of the financial year; distribution of the profit.
3. Discharge to be granted to the Directors and Auditors.
4. Statutory appointments—Emoluments of the legal Auditor.

In order to be admitted to this Meeting owners of bearer shares must deposit their shares not later than Wednesday, 18th May, 1977, with any one of the following banks:

in Belgium: with "Société Générale de Belgique," in Brussels or any of its other offices and agencies;

in France: with "Banque Belge (France)," rue Volney 12, 75002 Paris;

in the Netherlands: with "Amsterdam-Rotterdam Bank," Herengracht 596, 1001 Amsterdam.

Owners of bearer shares will be admitted to the Meeting on producing a statement from one of the above banks mentioning the identity of the owner of the shares and certifying that the shares will remain deposited from 18th to 26th May, 1977, included.

Owners of registered shares must advise the Company not later than Wednesday, 18th May, 1977, of their intention to attend the Meeting or to be represented.

Proxies, conferred according to article 30 of the Articles of Association, must be deposited not later than Wednesday, 18th May, 1977, at the Company's Registered Office, rue de la Chancellerie 1, Brussels.

Proxy forms are available to shareholders at the Company's Registered Office and also at the above-mentioned banks.

The Board of Directors

Heal & Son

Furniture manufacturers and retailers, Heal & Son Holdings, reports a decreased pre-tax loss of £25,241 for the year ended January 31, 1977, against £194,450. Turnover was up from £10.28m. to £11.21m.

The dividend for the year is maintained at 5p net per £1 share.

Loss for the year was £18,509 (£135,741) after a tax credit of £5,082 (£33,174) and minorities loss of £540 (£3,170). There was a pre-acquisition profit of £18,525 (£17,877) for 1975-76.

Wire & Plastic shows rise

A second-half pick-up by Wire and Plastic Products has lifted profits for 1976 from £248,947 to £283,262. At halfway they were down £17,000. The year's turnover rose from £1.95m. to £1.46m.

After tax of £132,697 (£137,577), net profit came out at £130,625 (£110,770) for earnings of 5.34p (4.85p). The final dividend is 1.25p for a net total of 1.33p (1.78p).

Tate of Leeds back in profit

Vehicle distributors, Tate of Leeds, has returned to profitability with a pre-tax figure of 106,284 for the year 1976, compared with a £91,002 in the previous 12 months.

At halfway profit was £45,267 (£1,025).

The year-end profit is struck by the topping up of the pension fund, £27,192 interest in the current period, £3,539 (£137,865). Turnover has creased from £9.8m. to £9.8m.

Tax takes £33,385 (£15,061) and extraordinary debits 2,500 (£54,147), leaving £30,081 (£12,688) credit for 1976.

The dividend for the year is set at 0.625p net.

Metalrax chairman confident

At the annual meeting a record half and another excellent year for Metalrax (Holdings), the Birmingham-based engineering group which made £94,000 pre-tax for 1976, was forecast by Mr. Ian Wardle, chairman. He says: "The first quarter's engagement accounts were fully in line with budgets and that several developments within the group had considerable profit potential within the current year and in the future."

He confirmed that the group continued to investigate possible acquisitions, but that internal growth would be sufficient to provide another record year.

WAGON INDUSTRIAL

Wagon Industrial Holdings is buying Antocks Lahn Group, designers and manufacturers of furniture, for about £1.7m. made in 1976, of £923,000 cash, 473,000 shares, and some £425,000, and 30,000 nominal of 8 per cent secured loan stock.

In the year ended April 1976, the stock sale made pre-tax profits of £289,000 on sales of £1m. in the current year it is estimated that pre-tax profits will reach about £400,000.

The new Ordinary Shares in issue will not be entitled to any dividends in respect of the year 1 March 31, 1977.

MIDHURST WHITES

The liquidator of Amalgamated Investment and Property is to sell the company's 42.25 per cent holding in Midhurst Whites, the property development and investment group, for around £797,000. A stake of 20 per cent will pass to a company controlled by Mr. D. J. Atkinson, who will later join the Board of Midhurst, and the remainder is to be placed among the investment clients of stockbrokers Raphael Zorn. The transaction is on the basis of 25.15p per share which compares with a current market price of 24½p.

The Panel on Take-overs and Mergers has confirmed that, subject to the satisfactory completion of the placing, an offer to other shareholders of Midhurst will not be made.

Mr. I. D. B. Bond, the liquidator of Amalgamated, has also agreed terms of £36,238.25 per £100 of stock for the redemption of its £2,753,388 holding in Midhurst Whites' unlisted 3 per cent Convertible Unsecured Subordinated Loan Stock 1962 which will raise a further £1.17m. Holders of the remainder of the stock—there is £2,149,338 in issue—will be offered the same terms.

Mr. N. Scott, M.P. will also be joining the Board with Mr. Helmann, but Mr. Oliver Jessel and Mr. C. G. Morley will retire following completion.

S. G. Warburg acted as advisers to Midhurst Whites.

"Overseas we have a most substantial and growing business..."

some extracts from the speech at the annual general meeting by the Chairman, Mr. J.A.F. Binny

"...with 54% of our profits in 1976 coming from our overseas subsidiaries and associates."

With the continuing decline in our UK business we must of necessity look to our overseas activities for growth in the next few years. We have been placing more emphasis in the consulting field, and our Consultancy Division now has contracts worth more than £10 million.

"...the danger of price controls..."

Another subject which is causing us great concern is the rate of return on capital employed. As you know, our depreciation policy over the last 20 years has, to a certain extent, anticipated current cost accounting. As a result we are in a stronger position than many industrial companies in Britain. This, however, does not alter the fact that we are not earning enough to enable us to make sufficient provision for the future.

Since the beginning of 1974 coal prices have risen by an average of more than 200%, electricity by nearly 90% and transport costs by nearly 80%.

The triggering force to enhanced efficiency is capital investment that builds new manufacturing facilities and replaces antiquated equipment. Over a period neglected replacement of existing capacity, inadequate expansion of new capacity, and postponed introduction of the latest and most efficient technology lead to declining profits and ultimately to business failure.

The cost of building a new works using the more economical dry process today amounts to something near £70 per tonne of annual capacity, or £70 million for a million tonne a year plant. Compare this figure with the £24.3 million we were able to set aside last year for depreciation on our existing plant and buildings, and £11.6 million retained net for new investment. No wonder we are concerned with the effect the new Price Code might have on our business, and we have been deeply disturbed by the recent rejection of our latest price increase application.



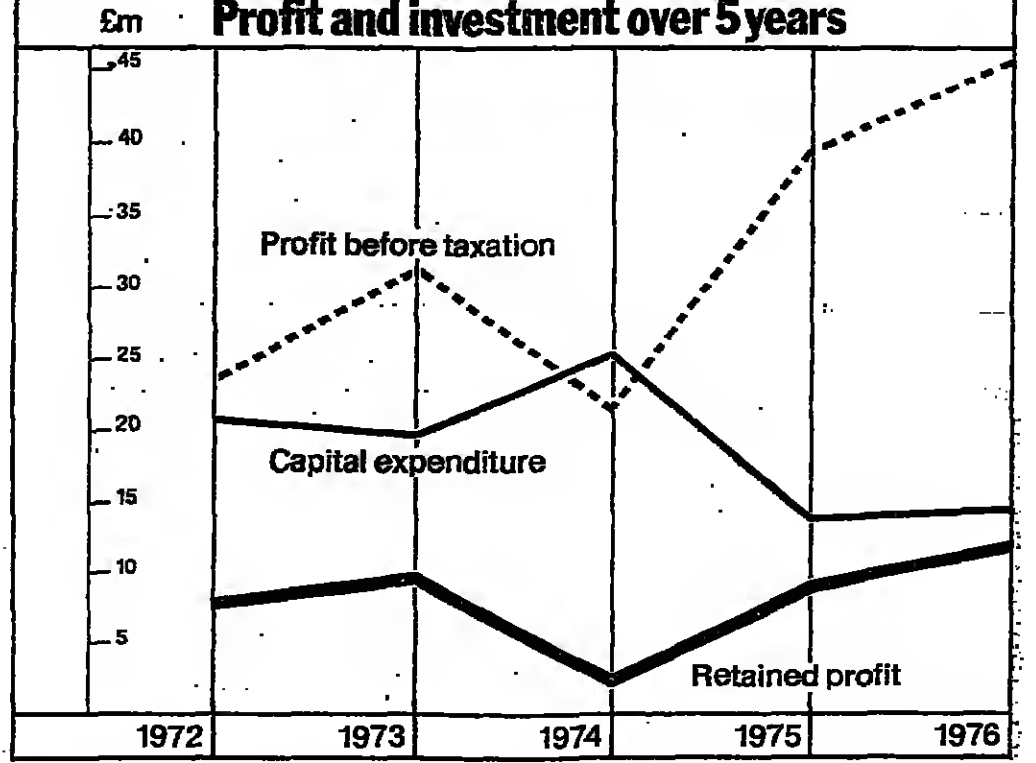
In the overseas manufacturing operations many Group companies are planning expansion programmes and over the next few years we should begin to see the results of increased production in some key areas. Although some of our overseas companies are experiencing many of the difficulties we are facing at home we can look forward to an improving situation in most places.

"1976 was a difficult year..."

As you will be aware, 1976 was a difficult year for the construction industry in the United Kingdom. Lack of confidence, high rates of interest, and finally cuts in Government and local government expenditure all had an adverse influence. In terms of figures, sales volume at the end of 1976 was 23% under the peak demand of 1973 and we expect a further fall of at least 10% in the current year from the 1976 figure.

Results for the year		1976	1975
	£m	£m	£m
Turnover	360.0	279.9	
Profit before taxation	45.4	39.4	
Profit after taxation	22.8	17.4	
Earnings per £1 ordinary stock unit	22.8p	18.3p	
Dividends paid and proposed per £1 ordinary stock unit	8.3644p	7.804p	

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS LIMITED



Cement is still a very cheap commodity. It represents less than 2½% of the cost of a house, and in 1976 money values, costs less per tonne than it did in 1951. Profit in real terms has hardly improved with the result that the industry as a whole earns less than 7% on capital employed in the UK. It is essential the Government should realise the danger of imposing controls on political grounds rather than on economic facts.

To: The Company Secretary,
The Associated Portland Cement Manufacturers Limited,
Portland House, Stag Place, London SW1E 5BJ.

Please send me a copy of your Report & Accounts 1976, together with the complete text of the Chairman's speech.

Name _____

Address _____

Horace Cory

CHEMICAL COLOUR MANUFACTURERS

Mr. S. J. S. Fley, chairman, reports on 1976:

* Mr. J. H. Grimshaw who had dedicated his life to the service of the Company over a period of almost 50 years died on 14th March, 1977. He will be missed by everyone associated with the Company.

* Turnover increased by 37 per cent and pre-tax profits by 95 per cent, while earnings per ordinary share more than doubled.

* We are constantly seeking to improve our production and some £60,000 was spent on new plant and equipment in 1976. Our capital expenditure programme for 1977 includes the replacement of older machinery with new items giving increased capacity.

* With a view to increasing our direct exports, the Managing Director has recently visited countries in the Far East and the results achieved have proved very satisfactory.

* Profits for the first quarter of 1977 show an increase over the corresponding period last year and we would hope to see some increase over the amount earned in 1976.

HORACE BARK & CO. LTD., NATHAN WAY, LONDON SE20 6AY

Travel setback forecast by Thomson Organisation

IMMEDIATE PROSPECTS for the Thomson Organisation are uncertain, the main area for concern being the group's travel interests from which significant reduction in profits is envisaged for the current year.

Mr. G. C. Brunton, the chief executive, explains that the general level of bookings throughout the industry is showing a decline of 20 per cent, and although the group has improved its share of a declining market, its estimated volume of bookings will be down. Also the group has had to accept a substantial unit-subject cost to support the guaranteed price offer.

In most other operating divisions significant improvements in profit are anticipated.

The largest growth is expected to come from Thomson Publications which will generate a high quality and continual growth in profits to be possible. Continued growth in Yellow Pages' profits is confidently expected. Times Newspapers expects a better year while Thomson Regional Newspapers is budgeting for a resumption of growth.

Mr. Brunton reveals that the group is planning capital investment in the regional publishing centres of £30m. up to 1980.

The group is planning to invest some £21m. during 1977 and deliberately budgeting for substantial cash outflow. The chief executive feels that these investments in new technology for newspapers and in aeroplanes will bring benefits in the future and the expenditure is justified by the expectation of substantial cash flows in the years ahead.

As regards the prospects for oil Mr. Brunton says that these are very much dependent upon the Piper and Claymore developments proceeding according to plan. During the year both fields should be producing and Piper should achieve peak planned production.

The expectation is that the financial facilities available to the Thomson Scottish Associates for the development of the two fields will be sufficient to complete the development as currently planned. Indications are that sufficient revenue from the two fields will have been generated towards the end of 1978 to have repaid a substantial part of bank borrowings incurred on development.

On the subject of the introduction of new technology in the group's national and regional newspaper operations Mr. Brunton points out that the cost of this investment is estimated to be £20m. and this money is already being spent at a very high rate in anticipation of future development funds.

He stresses that if the opportunity which massive investment can bring is rejected, then there can be no question of resources from other parts of the group being made available in the medium- and long-term subject to outmoded practices and ideas.

The group plans to take advantage of oil revenues and to create a high quality and continual growth of profits in the future.

As reported group pre-tax profits in 1976 expanded from £9,920m. to £13,130m. A split up of profits at the end of the year contributed 40 per cent, newspapers 22 per cent, other publishing, communication and information 36 per cent, and other activities 2 per cent.

Mr. Brunton, 4, Stratford Place, W., May 31 at noon.

Outlook for 1977 at Minet

THE pattern of achieving growth in profits by increasing brokerage income and controlling the expense ratio is expected to continue at Minet Holdings, states Mr. John Wallrock, chairman.

He says that the profits of 1976 and to a less extent 1975 were enhanced by exchange profits and high interest rates, both of which factors are likely to have far less influence to the future.

Referring to the U.K. non-marine division, the chairman says it is well placed to take full advantage of the opportunities which will follow any material improvement in the U.K. economy.

In the international non-marine division 1976's progress is expected to be repeated.

As reported April 29, pre-tax profit for 1976 rose from £8,280m. to £12,530m.—not less than £11m. was forecast.

Working capital for the year increased by £2,330m. (£5,930m.—cash balances were up by £8,070m. £4,230m.).

There were capital commitments of £8.2m. at year-end.

Meeting, Abercorn Rooms, E.C., May 27, noon.

Bank of Ireland upsurge

AFTER being held back by a strike in the first half, pre-tax profits of Bank of Ireland finished the year to March 31, 1977 ahead of £7,390m. at £12,460m. At mid-year profits were £12.5m. against £11m. Basic earnings for the year are up from 64.7p to 77.4p per 21 stock and fully diluted from 37p to 60.2p. The net final dividend is 11p for a 13p total and a one-for-three scrip issue is proposed.

The directors say that the total distribution for the current year is unlikely to be less than 12.25p on increased capital and they forecast a 3p interim to reduce disparity.

1976-77 1975-76
Pre-tax profit 12,460 12,530
Taxation 2,330 2,330
Minority profits 600 600
Retained 10,130 10,200

On an inflation accounting basis the bank calculates an increase in the value of capital holders' interest after account of the measured decline in the value of money during the year at £6,833,000 (decrease £33,000).

WEST COAST TANNERIES
West Coast Associated Tanneries has been temporarily suspended at the company's request pending clarification of the company's position. The Board has decided to call a meeting to pass a resolution for a creditors' voluntary winding up.

W. Mining mineral sand operations close

BY KENNETH MARSTON, MINING EDITOR

THE DEPRESSED market for rutile and zircon has made life unprofitable for Western Mining's zirconium mineral sand operation at Jurien Bay in Western Australia. Accordingly, it has been decided to suspend production and place the project on a care and maintenance basis as from the end of this month.

Western Mining points out that apart from the low metal prices and the Australian Government's discontinuation of its previous minimum price for zircon, freight and handling costs have increased substantially. Jurien Bay's operating costs thus continue to exceed the value of production.

The mineral sand deposit was purchased by Western Mining at the end of 1974 when rutile and zircon prices were still rising high. Production started in June 1975 and in the following 12 months it totalled 12,200 tonnes of rutile and zircon, of which 7,200 tonnes were sold.

But metallurgical problems were encountered and rutile turned sour with the result that the operation made a loss. Mining operations were suspended last December and stockpiled ore has been treated since then.

sands complex at Richards Bay in South Africa. First shipments are due in the third quarter of this year.

Union Corporation is a partner in this project which will dredge the rutile and zircon. The limestone will be processed in a smelter for the extraction of high grade titania slag and low manganese pig iron. Union Corporation is also a holder of Cudgen RZ which ceased its Australian mineral sand mining operations in Queensland in January.

ROUND-UP

Higher costs and tax charges caused a reduction of 8 per cent in the net earnings of the Filipino mining group, Atlas Consolidated, during the first quarter of the year compared with the same period of 1976. Net earnings were \$3.7m. (£2.3m) against \$6.13m. (£3.7m).

The Luxembourg-based Basic Resources International has entered into a joint venture with Austria's Veltchek Magnesitwerk to develop a magnesite deposit in Guatemala. If test work is successful a plant will be constructed to beneficiate and calcine the ore. VIM has undertaken to purchase the plant output for a minimum of five years.

The Gold Fields group's Western Australian iron ore producer, Goldsworthy Mining, has lifted its April 12 forecast declaration on shipments from Port Hedland, following repairs to the railway line which links the mine and port. Lost shipments are put at 750,000 tonnes. The damage was caused by a cyclone.

Foreign borrowings by Australian financial intermediaries on-lend for certain categories of

Improvement at Noranda

FIRST QUARTER profits of Canada's Noranda Mines have risen to \$10.7m. (£6.7m) compared with only \$8.7m. in the same period of 1976. Last year's total net profits were \$348.7m. compared with \$300.3m. in 1973 and the record \$319.5m. earned in 1974.

The Noranda president, Mr. Alfred Powis, points out that the recovery has reflected higher metal prices, notably copper and lead; the contribution of the expanded aluminium plant in Missouri; and the effects on export income of the decline in the value of the Canadian dollar.

The Noranda president, Mr. Alfred Powis, points out that the recovery has reflected higher metal prices, notably copper and lead; the contribution of the expanded aluminium plant in Missouri; and the effects on export income of the decline in the value of the Canadian dollar.

Pressing on

As previously reported in this column Conzinc Riointo of Australia is prepared to take a long-term view of recovery prospects for its zinc sands. It thus intends to make an assessment of the Jennings Division's operations at Geraldton and Eneabba (not far from Jurien Bay) in order to gauge up the potential of running them in conjunction with others in the area.

Meanwhile, Kennecott Copper's two-thirds owned Quebec iron and manganese prospects to start mining operations in 1977 at the \$250m. (£145m) mineral

RESULTS AND ACCOUNTS IN BRIEF

WILLIAM BARR & COMPANY—Results for 1976 reported April 29. Fixed assets £12.5m. (£12.5m.), current assets £22.5m. (£22.5m.). Bank overdrafts £1.5m. (£1.5m.). Net current assets £21m. (£21m.). Liquidty up £1.5m. (£1.5m.). On a CCA basis profit would have been \$1.4m. (£1.4m.) before tax. Directors optimistic after a slow start. Directors intend to maintain dividend. Meeting, Cambridge, Lancashire, May 24, 12.30 p.m.

H. & J. QUICK GROUP (heavy commercial vehicle sale and repair)—Results for 1976 reported April 29. Fixed assets £1.2m. (£1.2m.), current assets £1.2m. (£1.2m.). Liquidty up £1.2m. (£1.2m.). On a CCA basis profit would have been £1.2m. (£1.2m.) before tax. Directors say they are optimistic. Meeting, Manchester, May 25, 11 a.m.

ROTORB (valve control manufacturers)—Results for 1976 reported April 29. Fixed assets £1.2m. (£1.2m.), current assets £1.2m. (£1.2m.). Working capital £1.2m. (£1.2m.). Compensation to £1.2m. (£1.2m.). On a CCA basis profit would have been £1.2m. (£1.2m.) before tax. Directors say they are optimistic. Meeting, Manchester, May 25, 11 a.m.

SCOTTISH PROVICENT (life assurance)—Results for 1976 reported April 29. Fixed assets £1.2m. (£1.2m.), current assets £1.2m. (£1.2m.). Working capital £1.2m. (£1.2m.). Compensation to £1.2m. (£1.2m.). On a CCA basis profit would have been £1.2m. (£1.2m.) before tax. Directors say they are optimistic. Meeting, Manchester, May 25, 11 a.m.

SHARPE AND FISHER (builders)—Results for 1976 reported April 29. Fixed assets £1.2m. (£1.2m.), current assets £1.2m. (£1.2m.). Working capital £1.2m. (£1.2m.). Compensation to £1.2m. (£1.2m.). On a CCA basis profit would have been £1.2m. (£1.2m.) before tax. Directors say they are optimistic. Meeting, Manchester, May 25, 11 a.m.

SOREC LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT

The directors report that the unaudited results of the company and its subsidiaries for the six months ended 31 March 1977, are as set out below.

The comparative figures are those for the six months ended 31 December 1976. Following a change in the financial year end of the company from June to September in 1976 the interim period required to be reported on in terms of the Companies Act 1973 has changed.

Group profit before taxation	31,377	31,727
Taxation	890	1,000
Group profit after taxation	30,487	30,727
Outside shareholder's interests in profits of subsidiaries	28	30
Interest of Sorec shareholders in profit after taxation	30,459	30,697
Earnings per share	2.37 cents	4.10 cents
Dividend per share	Nil	2.25 cents

The results of the company reflect the impact of high prices of interest on new finance obtained for the group as well as the impact of increased costs of operating expenditure in line with the trend in the property industry as a whole. Shareholders were forewarned in the chairman's review of the company in October 1976 that the profits of the company would be lower to the current financial year.

The results of the company for the second half of the current year are expected to be very much in line with those reflected for the current period under review.

A dissolution of the association with Sanlam in South Africa (Proprietary) Limited and its subsidiary companies in recent weeks has resulted in the acquisition by Sorec of a 25 per cent interest in a company, Charlyds Investments (Proprietary) Limited in exchange for its 35 per cent interest in Sorec (Proprietary) Limited. Charlyds Investments (Proprietary) Limited acquired from the Sorec Group 100 per cent of the issued share capital of Sorec Properties (Proprietary) Limited (owning H.M. Majesty's Johannesburg Lower Properties (Proprietary) Limited (owning Twentieth Century Buildings, Johannesburg), Sorec Properties (Proprietary) Limited (owning Sorec Centre, Cape Town), Sorec Properties (Proprietary) Limited (owning Opera Plaza, Pretoria) and Wembley Properties (Proprietary) Limited (owning Wembley Stadium, Johannesburg)). The balance of the portfolio comprising the former Sorec Group, namely the companies owning Nine Centre, The Coliseum, Constantia Cinema and Lake Cinema, all Johannesburg, and Grand Central in Port Elizabeth, was retained by Sanlam. The balancing of the division of the portfolio of the former Sorec Group (transfer retained) was an adjustment in favour of Sorec and its holding company African Eagle Property Holdings Limited. Terms of repayment have been agreed between the parties.

Subsequent to the terms of the dissolution agreement with Sanlam being finalised the pre-agreed sale of Wembley Properties (Proprietary) Limited was also finalised following a successful realisation of the property. The sale was made in cash.

Sale of Fixed Property

During April 1977 the sale of the property known as Wembley House, owned by a wholly-owned subsidiary of Sorec was concluded for an amount of R5.6 million. After repayment of mortgage bonds totalling approximately R2 million the group will receive a valuable cash injection on transfer of the property estimated for May 1977. The net capital surplus on disposal will be credited to non-distributable reserve in line with the group's accounting policy.

Another wholly-owned subsidiary has entered into a twenty year head lease in respect of the property sold.

Development Project

Satisfactory progress is being made towards completion of Killarney Mall, which is the only remaining development project. Expenditure thereon is within budget.

Capital Commitments

Commitments in respect of capital expenditure still unpaid for the Killarney project and other developments in which Sorec has a less than 50 per cent interest amount to approximately R3 600 000 (31 December 1976: R11 100 000).

Dividends

It is not intended to declare an interim dividend for the six months ended 31 March 1977 in view of the need of the group to conserve cash and thereby increase the profitability of the group. The position will be reviewed at the end of the financial year.

For and on behalf of the Board:
D. G. Nicholson | Director
C. D. M. Melville | Director

Registered Office: Life Centre, 45, Commissioner Street, Johannesburg 204

Transfer Secretaries: Co-ordinated Share Registrars Ltd., 63, Marshall Street, Johannesburg 2001
Charter Consolidated Ltd., P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 5EQ. 5 May 1977

National and Commercial Banking Group Limited

Preliminary Announcement of Results Six Months Ended 31 March 1977

The directors of National and Commercial Banking Group Limited report the following results for the six months ended 31 March 1977:

	6 months ended 31 March 1977	6 months ended 31 March 1976	12 months ended 30 Sept. 1976
Operating profit	£000	£000	£000
The company and its subsidiaries	27,075	25,802	51,616
Share of associated companies	4,040	2,479	6,104
Group profit before taxation and extraordinary items	31,115	28,281	57,720
Taxation	(13,613)	(13,984)	(26,602)
The company and its subsidiaries	(2,190)	(1,228)	(3,234)
Share of associated companies	(11,423)	(12,756)	(23,368)
Profit after taxation but before extraordinary items	15,312	13,089	27,884
Preference dividends	(27)	(27)	(54)
Profit earned for ordinary shareholders before extraordinary items	15,285	13,062	27,830
Extraordinary items (see note)	(1,567)	1,245	(6,069)
Profit after tax	13,718	14,307	21,761
Ordinary dividend	(2,809)	(2,585)	(5,298)
Retained profit	10,909	11,722	16,463
Earnings per 25p ordinary share	6.8p	5.8p	12.4p

Note: Extraordinary items for the six months ended 31 March 1977 include subordinated loan issue expenses and loss on sale of an associated company.

INTERIM STATEMENT

For the six months to 31 March 1977 the unaudited operating profit of the company and its subsidiaries amounted to £27,075,000, or 5 per cent higher than the figure for the corresponding period in the previous year. After including the share of results of associated companies, Group profit before taxation at £31,115,000 rose 10 per cent.

An increase in net interest earnings from sterling business in the period was the result of a balance of factors. On the one hand there was a higher average base rate and also a slightly larger volume of resources employed. On the other there was a reduction in the average margins between deposit end base rates and on the employment of wholesale market deposits. Interest earnings from currency business were also affected by smaller margins. Operating costs have continued to rise but not so severely as last year.

The share of results of associated companies rose from £2,479,000 to £4,040,000. This increase mainly reflects the effect of the sale of Associated Securities Limited in Australia which was incurring losses.

Half-yearly dividends on the 11 per cent, and 5 per cent cumulative preference shares have been declared by the directors at the rate of 3.85 pence and 1.925 pence respectively. These dividends will be paid on 31 May 1977 to those preference shareholders registered on 9 May 1977. The directors have also declared an interim dividend on the ordinary shares for the year to 30 September 1977 of 1.25 pence per share compared with 1.15 pence per share paid last year. This interim dividend will be paid on 1 July 1977 to those ordinary shareholders registered on 27 May 1977.

5 May 1977 J O Bleir-Cunyngheme, Chairman

The Royal Bank of Scotland Limited

WILLIAMS & GYLN'S BANK LIMITED

Britain urged to be tough on fish rights

ICELAND was right to fight as she did in the cod war and Britain should do the same for its fishing industry, a Scottish QC suggested last night.

Speaking in Edinburgh at the annual meeting of the Highland Food, Mr. Donald Macaulay, QC, said that politicians should make a solid stand for a 50-mile exclusive fishing area round British coasts.

An efficient, fast and effective force of patrol ships and aircraft should be established to ensure that no foreign marauder escaped unpunished.

"There must be a solid stand made by the politicians for exclusive fishing rights to be established for a substantial area around our coasts and the positive aim, from which they should not be budged, should be a minimum of 50 miles," said Mr. Macaulay.

Discount plan by Leyland aids disabled

THE disabled will be able to get a 15 per cent discount on most new Leyland cars from June 1, the company said yesterday.

Mr. Derek Whittaker, managing director, said "As well as helping the disabled it makes good business sense for Leyland. It is our aim to be market leaders in every way and the scheme gives us the chance to translate enlightened legislation into a cash saving power for the disabled."

The Government proposes to increase the mobility allowance for the disabled from £5 to £7 a week from November.

ARGYLE SECURITIES LIMITED

and its wholly owned subsidiaries

ALLIANCE PROPERTY HOLDINGS LIMITED

and

ALLIANCE PROPERTY COMPANY LIMITED

UNAUDITED INTERIM RESULTS for the Six Months Ended 30th September, 1976

	ARGYLE SECURITIES LIMITED	ALLIANCE PROPERTY HOLDINGS LIMITED	ALLIANCE PROPERTY COMPANY LIMITED
Turnover	7,210	1,803	3,781
Group Profit (loss) before taxation from completed properties and other trading interests	(193)	(234)	1,228
Taxation	(83)	(85)	(53)
Group Profit (loss) after taxation from completed properties and other trading interests	(276)	(319)	1,175
Net outgoings after contribution to development properties	(508)	(885)	(175)
Transfer from capital reserves relating to development properties	(795)	(987)	968
Losses (1976 Profits) attributable to minority interests	509	638	175
Surplus (Deficit) for the period before extraordinary items	(266)	(316)	1,143
Extraordinary items	17	(69)	(1)
Surplus (Deficit) for the period after extraordinary items	(249)	(385)	1,142

NOTE: The Group has disposed of all its interests in European properties. The transaction results in an extraordinary loss of £4,750,000 on consolidation in Argyle Securities Limited. In Alliance Property Holdings Limited the transaction results in a loss of £3,521,000 of which £2,268,000 has been transferred to capital reserves and £1,253,000 has been included in the above figures as an extraordinary item. An announcement of this transaction was made on 22 December, 1976 and the loss was anticipated at the time of the Offer in 1976 for the ordinary shares of Argyle Securities Limited.

APOLLO

Edited by Denis Sutton

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Apollo Magazine, Broken House, 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000.

Early losses regained: up another 2.7 Gold lower

BY OUR WALL STREET CORRESPONDENT

EARLY LOSSES were more than regained on Wall Street today as the market closed with a...

THURSDAY'S ACTIVE STOCKS... Occidental Petroleum... General Motors... Ford...

OTHER MARKETS... Canada still rising... All sectors moved up in active trading on Canadian Stock Mar-

Indices... NEW YORK-DOW JONES... Industrial... Transport... Utilities...

Table with columns for stock indices: Industrial, Transport, Utilities, Dow Jones, etc.

STANDARD AND POORS... Industrial... Composite... Ind. Div. Yield... Long Term Bond Yield...

Table with columns for Standard and Poors indices: Industrial, Composite, Ind. Div. Yield, Long Term Bond Yield, etc.

OVERSEAS SHARE INFORMATION

Large table listing overseas share information for various countries including Australia, Canada, Germany, Japan, etc.

NEW YORK, May 5... The Metals and Minerals Index advanced 7.8 to 1105.4... Gold 3.7 to 117.1...

AMSTERDAM-Shares generally eased, with Dutch Internationals led down by AKZO... SPAIN-Further easing with most sectors affected by light volume...

NEW YORK ALL COMMON

Table with columns for New York All Common stock prices: May 5, May 4, May 3, May 2, High, Low.

MONTREAL

Table with columns for Montreal stock prices: May 5, May 4, May 3, May 2, High, Low.

TORONTO

Table with columns for Toronto stock prices: May 5, May 4, May 3, May 2, High, Low.

JOHANNESBURG

Table with columns for Johannesburg stock prices: May 5, May 4, May 3, May 2, High, Low.

INDICES AND BOND DATA

Table with columns for various indices and bond data: Australia, Belgium, Denmark, France, Germany, Holland, Hongkong, Italy, Japan, Singapore.

CANADA

Large table listing Canadian share information for various companies like Alcan, Inco, etc.

MILAN-Market drifted lower... COPENHAGEN-Mixed... OSLO-Bankings were slightly easier...

VIENNA-Market continued mainly firmer... BONG KONG-Prices rose further in fairly active trading... AMSTERDAM-Shares generally eased...

EXCHANGE CROSS-RATES

Table with columns for exchange cross-rates: May 5, Frankfurt, New York, Paris, Brussels, London, Amsterdam, Zurich.

EURO-CURRENCY INTEREST RATES

Table with columns for Euro-currency interest rates: May 5, Sterling, U.S. Dollar, Canadian Dollar, etc.

GERMANY

Table with columns for German share information: May 5, Price, Div. Yield.

TOKYO

Table with columns for Tokyo share information: May 4, Price, Div. Yield.

AUSTRALIA

Table with columns for Australian share information: May 5, Price, Div. Yield.

BRUSSELS/LUXEMBOURG

Table with columns for Brussels/Luxembourg share information: May 5, Price, Div. Yield.

AMSTERDAM

Table with columns for Amsterdam share information: May 5, Price, Div. Yield.

COPENHAGEN

Table with columns for Copenhagen share information: May 5, Price, Div. Yield.

VIENNA

Table with columns for Vienna share information: May 5, Price, Div. Yield.

MILAN

Table with columns for Milan share information: May 5, Price, Div. Yield.

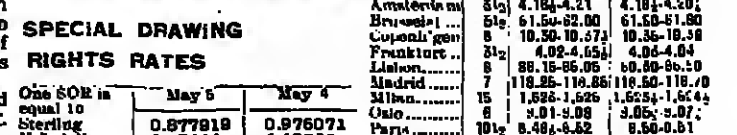
STOCKHOLM

Table with columns for Stockholm share information: May 5, Price, Div. Yield.

GOLD MARKET

Gold sold ground in quiet trading in the London bullion market yesterday... The dollar's trade-weighted index widened to 1.37 per cent...

FORWARD STERLING



SPECIAL DRAWING RIGHTS RATES

Table with columns for Special Drawing Rights rates: May 5, May 4.

OTHER MARKETS

Table with columns for other markets: Argentina, Australia, Brazil, Canada, etc.

FORWARD RATES

Table with columns for forward rates: New York, London, etc.

MINES

Table with columns for mines share information: May 5, Price, Div. Yield.

JOHANNESBURG

Table with columns for Johannesburg share information: May 5, Price, Div. Yield.

PARIS

Table with columns for Paris share information: May 5, Price, Div. Yield.

SWITZERLAND

Table with columns for Switzerland share information: May 5, Price, Div. Yield.

SPAIN

Table with columns for Spain share information: May 5, Price, Div. Yield.

INDUSTRIALS

Table with columns for industrials share information: May 5, Price, Div. Yield.

STOCKHOLM

Table with columns for Stockholm share information: May 5, Price, Div. Yield.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Improvement at Hoechst as first quarter closes

BY GUY HAWTIN

HOECHST, THE largest of the three West German chemical majors, today reported a fairly high first quarter and seems fair to expect similar results from Bayer and BASF next week. But, although throughput was low in the first two months, things picked up in March sufficiently to give management and shareholders grounds for hope. If not the confidence to make any firm predictions about the year's likely outcome.



Prof. Rolf Sammet

Utilisation of capacity at Hoechst's plants was running at 73 per cent in January—well under the mid-1976 average of 81 per cent. The upturn in March brought utilisation of capacity in the third month up to 84 per cent, and raised the quarterly average up to 79 per cent. However, it should be remembered that last year demand reached its highest point in March. Professor Rolf Sammet, Hoechst chief executive, said, despite all the group's successes in the sphere of rationalisation, the level of capacity utilisation was insufficient fully to offset current cost increases and continued losses in the fibres sector. As a result the 1977 first quarter earnings of the West German parent concern were down 2.6 per cent against the comparable three months of 1976 to DM210m. (€158.8m).

FRANKFURT, May 5. THE SHARES of Petrofina, the most widely traded Belgian stock on the Brussels Bourse, have climbed slowly up this week to around the B.Frs.4.400 mark (about £70). This followed the sharp drop in the Belgian oil major's shares after the Ekofisk blow out in the Norwegian sector of the North Sea, from B.Frs.4,900 on April 22 to B.Frs.4,185 on the Monday after. The reason for the fall, which with over 80,000 high value shares changing hands was a record for the Brussels exchange, was simple: Petrofina has 30 per cent in the whole Ekofisk field, with Phillips as the other operator.

But the company is not revising its forecast for a substantial increase in profits this year. Petrofina's director-general M. Jean Van Urtvanck said today. Recently announced consolidated profits, including its important U.S. and Canadian operations, were B.Frs.6,02bn. (€77m.) for 1976 as against B.Frs.5,92bn. for 1975. Two of the three Ekofisk production platforms which last year produced 18.5m tonnes of crude were reopened immediately after the capping of the errant Bravo Well. And the company reckons that technically opened as early as the end of this month. Only the electronic control equipment has been damaged by the blow out. As for pollution damage, the company reckons that it will be far

EKOFISK BLOW OUT

Petrofina shares recover

BY DAVID SUGHAN IN BRUSSELS

less than its pollution insurance cover, although of course insurance premiums are now bound to rise. The key factor is the Norwegian Government, which has to give its authorisation for the Bravo platform to resume lifting. Ekofisk officials are hopeful that that will soon be forthcoming once the necessary technical checks have been made. The rapid go-ahead given to the other two platforms is seen as evidence that Norway's need for oil taxes, which are 75 per cent on each barrel, will not lead to a serious slow-down. In addition, it is pointed out that Norway can only impose extra controls and costs on the oil companies in its sector by reducing its own tax intake.

In the second half of this year the gas pipeline from Ekofisk to Gørdalen in Germany is due to be opened. This paradoxically perhaps will also increase the flow of oil, because both oil and gas come up together out of the wells. At present the Ekofisk consortium is forced to reinject the gas into the seabed, the Norwegian Government having stopped it on April 1 from flaring the gas off. This costly reinjection process has led to slower oil production but once the Gørdalen pipeline is in action, the oil flow can be opened full again. Petrofina's same consortium has recently made what M. Van Urtvanck would only describe as "an interesting find" in the Theima Field in the British North North Sea zone. But if

non-company roping is proved right, this could amount to Petrofina's first important oil find in the British sector, to add to the 16 per cent stake that it has in gas production in the Hewitt Field. The North Sea, despite all its inherent difficulties, looks like reversing what has long been Petrofina's structural weakness: lack of its own home produced crude. Of last year's total finished product sales of 26.7m. tonnes, 6.5m. tonnes was met from own production—a ratio which company officials describe as "not bad coverage these days." But by 1980 they reckon that North Sea oil could meet one-third of total group needs and two-thirds of total group production.

While Petrofina will not comment on its net profit per barrel on the low sulphur high quality Ekofisk oil, which some Brussels sources put as high as \$3, it clearly expects a pretty good return on its share of the total \$8.5bn. investment which the consortium is putting into the Norwegian oilfield. For the time being, some 40 per cent of Petrofina's crude needs are met by British Petroleum. But its long-term contract with BP provides it with a diminishing amount each year and partly to offset this in the short term, Petrofina was only too glad to take 4.5m. tonnes over three years from Iran, under a three-cornered deal earlier this year between Iran and the German manufacturer Krupp.

Petrofina, as a group, ranks in the second dozen of the world's oil majors. But its U.S. subsidiary, American Petrofina, is the eighth highest foreign oil company in that country. While President Carter's attempts to curb petroleum consumption in the U.S. as a threat to their sales, they are nonetheless keen to diversify downstream as much as possible into petrochemicals—as indeed they are doing outside the U.S.

The continuing weakness of Petrofina is an excess in refining capacity particularly in Europe, where utilisation in its refineries last year was only 68 per cent, compared to 80-90 per cent in the U.S. and Canada. Jointly with ENI, CFP, ELF-Aquitaine and Veba—all competitors with the same problem—Petrofina has asked the EEC Commission to try to curb new investment in refineries. The Brussels Commission is at present developing some proposals along these lines. But the real problem is that the distribution of European refining capacity is too low, and the five companies suspect that the biggest oil majors are offering cut price rebates.

However, the group of five are likely to get little joy on this score. In January, when the board of C. F. Bally, in the exception of President Walter Heintzer, resigned on condition that Syndikats-AG had a controlling interest in the company. This had followed a bitter dispute over the previous months in connection with a large-scale share purchase of Bally shares, in the course of which Mr. Heintzer said it was an open question whether foreign interests were involved. In January, Mr. Heintzer, as spokesman of the board and a major shareholder in Syndikats-AG said the same party was, and would remain, Swiss. Mr. Rey, now managing director and management chairman of C. F. Bally, is the former president of the Swiss Development Bank, of Geneva, which was taken over from C. F. Bally this February by the newly-formed holding company Bally Aslagan AG. A spokesman of C. F. Bally today declined to comment on the matter.

Bally in Ministry inquiry

By John Wick

ZÜRICH, May 5. THE SWISS National Bank has forwarded a report to the department of the economy, Ministry of Finance on aspects of the recent take-over of Bally share concerns. The National Bank president, Dr. Fritz Leutwiler, said at a press conference today that the bank had investigated possible contraventions of foreign exchange control regulations. The case concerns the acquisition of control over the group's parent company C. F. Bally AG by the Swiss holding company, Syndikats-AG earlier this year. On January 20, the former board of C. F. Bally, with the exception of President Walter Heintzer, resigned on condition that Syndikats-AG had a controlling interest in the company. This had followed a bitter dispute over the previous months in connection with a large-scale share purchase of Bally shares, in the course of which Mr. Heintzer said it was an open question whether foreign interests were involved. In January, Mr. Heintzer, as spokesman of the board and a major shareholder in Syndikats-AG said the same party was, and would remain, Swiss. Mr. Rey, now managing director and management chairman of C. F. Bally, is the former president of the Swiss Development Bank, of Geneva, which was taken over from C. F. Bally this February by the newly-formed holding company Bally Aslagan AG. A spokesman of C. F. Bally today declined to comment on the matter.

Slight fall in Siemens' profits

BY ADRIAN DICKS

BONN, May 5.

SIEMENS announced today a slight decline in profits during the first six months of the 1976-77 business year, from DM258m. in the same period of 1975-76 to DM255m.

The slide, during the six months from October 1, 1976, to March 31 this year, reflects the consolidation since January 1 of Kraftwerk Union and Transformatoren Union, which had

been expected to depress net earnings of the parent Siemens group. On the positive side, the group reported a 19 per cent increase in new orders during the period. Export orders received by domestic companies in the group rose by no less than 80 per cent, leaving an order book at the end of March that stood at DM47.5bn. Of this total, however, Kraftwerk Union alone accounted for over half, or DM22.8bn., Siemens stated in a report.

Commenting separately on KWU, its chief executive, Herr Klaus Barndt, said it was possible that there might be a more sensible trend in public attitudes towards nuclear energy in West Germany by the end of the year. In the meantime, KWU hoped to be able to avoid short-time working, and to increase overseas business in proportion to the work frozen by the effect of a stop placed by court orders on atomic power plant construction in Germany.

AMERICAN NEWS

New bid rumoured for Babcock

BY STEWART FLEMING

THERE IS mounting speculation on Wall Street that a counter offer is being prepared for Babcock and Wilcox, the nuclear and steam generating equipment manufacturer which is facing a \$500m. takeover offer from United Technologies, the company which makes Pratt and Whitney jet engines and Otis Elevators. Babcock and Wilcox has filed a suit in Akron, Ohio charging a "conspiracy" by J. Ray McDermott and Company, which manufactures off shore oil and gas production platforms. The suit alleges that with the help of New York brokers Smith Barney Harris Upham, McDermott is seeking to acquire control of Babcock.

ITT is offering 4.1m. shares for Eason—ITT shares closed at \$34.25 last night—and will be acquiring a company which in the first half of its current financial year earned net income of \$2.7m. on sales of \$19.3m.

Following the meeting, Mr. Merszel and Mr. C. B. Branch, the company's chairman, reaffirmed Dow's goal of returning to its traditional 10 per cent earnings improvement this year. A major reason for not meeting a 10 per cent earnings prediction in 1976 was foreign currency losses of nearly \$40m., which pointed out. Net earnings in 1976 were down 3.1 per cent, at \$612.5m.

NEW YORK, May 5. DRESSNER BANK AG's first quarter 1977 operating profit was higher than the year ago and to a sharp increase in trading profits, management board spokesman Jürges Ponto told shareholders reports today. Surpluses on interest and commission business were slightly lower than in the first three months of last year, he said.

Dresdner upturn

Surpluses on interest and commission business were slightly lower than in the first three months of last year, he said.

COMBINED INSURANCE COMPANY OF AMERICA

FINANCIAL HIGHLIGHTS FOR THE YEAR OF 1976

Table with 3 columns: Item, 1976 U.S. \$000, 1975 U.S. \$000, Percent Increase. Rows include Net Income, Cash Dividends Per Share, Total Direct Premiums Written, Total Direct Premiums Earned, Accident and Health, Life, Total, Investment Income - Net, Financial Position Elements, Total Assets, Shareholders' Equity, Shareholders' Equity Per Share, Direct Life Insurance in Force.

* Restated for 1976 accounting changes for foreign currency translation and realized investment gains or losses.

Combined Insurance Company of America and its subsidiaries net income for 1976 achieved a record level of profits. Combined Insurance Company of America and its subsidiaries net income for the United States, the District of Columbia, Canada, New Zealand, Republic of Ireland, Northern Ireland, Puerto Rico, Trinidad, the United Kingdom and the Virgin Islands and began writing Accident and Health insurance in West Germany in 1976. The group's main business is writing and selling individual accident and health income protection policies and life insurance policies at moderate cost. In the United States, Canada, New Zealand and the United Kingdom it sells accident, health and life insurance; in other areas it specializes in accident and health insurance.

In their annual message to shareholders for the year ended 31st December 1976, the Chairman, W. Clement Stone, and the President and Chief Executive Officer, Clement Stone, stated most of the goals established at the beginning of 1976 were achieved. The most significant was the record levels of profits.

Four important corporate objectives were achieved in 1976 which will net income for the year 1976 amounted to \$89,611,000, cash dividends were 89.5 cents per share. The past year marked the 25th consecutive year of increased cash dividends to Combined Shareholders. Total direct premiums written reached \$413,437,000 and net investment income was a record \$32,723,000.

MARKETING ACTIVITIES

The past year was also highlighted by accelerated premium growth in the group's domestic accident and health operations and continued good performance abroad in most of the international sales territories. Domestic sales volumes increased significantly from the Hospital Indemnity policy, Disability Income Amendment and the Cancer Aid policy, highlighted in last year's annual report. Plans have been prepared for extending the \$10/\$20 programme domestically over the next two years.

International operations were satisfactory from the viewpoint of premiums and profits this past year. Noteworthy was the fine start-up of our affiliate, Combined Insurance Company of Ireland.

On July 3, 1976, West German authorities granted a license to sell accident insurance in this very important European country is one of the cornerstones of the European expansion plan.

Premium results reported by the Little Giant Life sales department were below expectations. Premiums written totalled \$72,103,000, a gain of 11.1 per cent for the year. Earlier it was anticipated that there would be a more sizeable increase.

Agency Division operations made the greatest improvement this past year with premiums up 17.3 per cent. Equally important, less ratios were sharply reduced which produced a major swing in profitability from 1976 to 1976.

FINANCIAL POSITION

Investment results in 1976 were again improved, measured in terms of increased investment income and balance sheet growth. Net investment income increased 28.1 per cent. Total assets of the Combined Group of Companies were an all-time record \$769,152,000 at the year-end, a 21.5 per cent increase from the prior year. Shareholders' equity reached \$11.98 per share at the end of 1976. Return on investment on shareholders' equity for the beginning of the year was 21.8 per cent, a result which ranks Combined among the leaders in the insurance industry.

Certain information, required by The Stock Exchange in London to be made available, may be inspected during usual business hours up to and including 26th May 1977, at Kleinwort, Benson Limited, 34 Line Street, London, EC3M 7LX from whom the Annual Report may be obtained.

EUROBONDS

Excitement in dollar sector

BY SHIRLEY CAMPBELL

THERE WAS a further large batch of pricings in the dollar sector yesterday and one new issue announcement amidst accelerating but as yet unconfirmable rumours that there is at least one jumbo issue in the pipeline. The new issue announcement is \$50m. for Quebec Hydro with the coupon indicated at 7 1/2 per cent on a six-year bullet maturity.

The coupon is the same as on British Columbia Hydro's eight-year issue which has been priced at par and starts trading today.

Among issues priced yesterday the most notable was Hongkong Land's eight-year issue. The issue, which is expected to find its way largely to Hong Kong

investors in so far as the initial placement was not with them anyway, was scheduled at \$HK\$250m. on an indicated coupon of 7 1/2 per cent. The size was raised to \$HK\$300m. (about \$U.S.64m.) and the coupon was cut to 7 1/2 per cent.

The U.S. dollar price for each \$HK\$1,000 denomination bond has been set at \$U.S.141, giving an effective pricing of par. The pricing was accelerated from May 9.

The European Coal and Steel Community's seven-year issue has been priced at 99 on a 7 1/2 per cent coupon, as indicated. Some details of this issue appeared wrongly in the Eurobond table in last Monday's Financial Times—the lead managers are

Kirwait Investment Company and Hill Samuel. The other issue priced yesterday was BRT's Can\$25m. five-year bullet. It was priced at par on a 8 1/2 per cent coupon as indicated.

In general the market continued to stabilise yesterday; overall, it was probably down again, but the undertone is not nearly so nervous as earlier in the week. Of the new issues traded for the first time yesterday the two floating rate notes—for Creditanstalt and Cie Générale Maritime et Financière—were the weakest feature: both priced at par they were being quoted at 97 1/2 by dealers generally and rather higher by the lead managers. European Banking Company's bid for Creditanstalt at the close was 98 1/2.

Bowater, also new in the market yesterday held well—the quote at the close was between 99 1/2 and 100. New Zealand Development Finance Corporation stood around 98 1/2-99.

BONDS TRADE INDEX

Table with 2 columns: Bond Name, Yesterday Wed. Medium term ... 102.24, Long term ... 95.75, Convertible ... 110.18, 102.57, 95.75, 109.54

Protea Board rejects bid

By Our Own Correspondent JOHANNESBURG, May 5. THE PROTEA Holdings board was quick to respond to Abercom's surprise share bid and came out with an outright rejection of the offer after the market closed yesterday. This was hardly surprising as it would have been strange indeed if the Board had welcomed an offer, which if it goes through, will result in a reduction in Protea shareholders' assets, earnings and dividends per share on historic figures.

Abercom chairman, Mr. David Lurie, is adamant that he is not prepared to contemplate upping the bid from the original offer of 33 Abercom for 100 Protea. As both are freely traded stocks, the decision is now over to market forces to decide the relevant merits of the bid.

But even if Protea cannot line up an alternative bidder, and the lack of suitors in the past would point to this likelihood, and effective defence could be mounted which could make difficult for Abercom to get its desired 100 per cent control.

Davies & Newman HOLDINGS LIMITED. Salient points from the Statement by the Chairman Mr. F. E. Newman, M.C. for the year to 31st December 1976. Operations cover Aviation, Travel, Shipping and Oil. Turnover now £79 million. Seven fold increase in profits over past 10 years. Comparative Figures 1976 1975: Turnover £'000 79,404 52,806; Profit before tax 1,862 1,356; Profit after tax 850 646; Dividends per share (gross) 11.066p 10.0617p; Retained earnings 528 356; Earnings per share 19.2p 14.8p.

Tap Issue of Floating Rate London-Dollar Negotiable Certificates of Deposit, due May, 1980. THE SANWA BANK, LIMITED LONDON. Credit Suisse White Weld Limited Agent Bank.

Sturdy growth. To hold one's position nowadays - and still more to advance - one has to be resourceful. We can point to some notable advances. Because of a general tightening of credit, the cash surpluses deposited with us by the savings banks have been lower this last year. This has however been offset by an increase in deposits by customers, and we have not only been able to meet the credit needs of the savings banks, but to increase our direct lending to corporate customers as well. The Bank's share capital has been doubled by a new issue to the value of 30 million kronor, and a bonus issue of 15 million kronor. Further widening of the capital basis has been brought about by the issue of debentures totalling 110 million kronor. The credit restrictions now in force are stricter for Sparbankernas Bank - as the central bank for the country's savings banks - than for other commercial banks. By increased financing abroad, however, it has been possible to limit the consequences for corporate borrowers. Although our total lending has, in the circumstances, not been able to expand at the same rate as that of some other banks, credits to business rose during 1976 by 45 per cent, and now amount to 40 per cent of our loans to customers other than the savings banks. The demand for international financing - coming from local government as well as business firms - has been a considerable factor in the marked expansion of activity in our foreign department. All types of transaction are however affected, executing of payments for customers having gone up by 50 per cent during the past year, and the total turnover of the department likewise. The Bank has been increasingly active in the placing of bond issues both in Sweden and in the international market. During 1976 we participated in 108 international issues, equivalent to a total of 20,000 million kronor - or more than double that of the previous year. International loans have further been arranged for Swedish local authorities, and in the international market our own debenture issue of US\$20 million was heavily oversubscribed.

SPARBANKERNAS BANK. Mail: S-105 24 Stockholm, Sweden. Telephone: 08-762 10 00. Telex: 19055 spbank s. Cables: Unionbank.

Handwritten scribble at the bottom of the page.

Mr. Carter's offensive on human rights upsets Latin American dictatorships

BY HUGH O'SHAUGHNESSY, Latin America Correspondent

LATIN AMERICA, for years dismissed by Dr. Henry Kissinger as "a degger poised over the heart of the Antarctic," has emerged in the past few weeks as a major diplomatic battleground for the U.S.

More than any other region of the world it is witnessing President Carter's offensive on the question of human rights and the chenceries of the hemisphere are buzzing with activity as Washington makes its new push. The tension between the U.S. and some of its Latin neighbours has not been so great for decades.

The Carter policy of embracing the human rights issue as one which could produce diplomatic dividends in Washington's relations with the Communist world and also satisfy an increasingly articulate lobby at home has of necessity called for action in Latin America.

For decades Washington had sought to maintain a status quo in Latin America which would halt the penetration of Marxist ideas and generally prevent the region becoming a nuisance while the U.S. was fully occupied with a set of problems ranging from World War II to the Vietnam situation.

This strategy necessitated open or covert diplomatic and military intervention on the side of politicians who could be relied on to look after short-term U.S. interests and against those who threatened to upset the status quo. Such interventions happened in Guatemala, the Dominican Republic, Brazil and Chile. It was not surprising that governments such as the Somoza dynasty which has been controlling the Central American republic of Nicaragua

since the early 1930s got the idea that the U.S. administration would never complain of their conduct as long as it caused no international problems.

To such circumstances it was not surprising that neither democracy nor respect for human rights flourished. In order therefore for the Carter administration's human rights policy to be effective in other parts of the world it was vital that Washington took steps to clean up the situation in an area where the U.S. claimed a special relationship and where the writ of the Monroe Doctrine was supposed to run.

Democratic

Mr. Carter spelled this out most clearly to Latin Americans in a speech on April 14 at the Organisation of American States headquarters in Washington where he said: "Our values and yours require us to combat abuses of individual freedom, including those caused by political, social and economic injustice. Our own concern for those values will naturally influence our relations with the countries of this hemisphere and throughout the world, and throughout the world you will find this country, the United States of America, eager to stand beside those nations which respect human rights and which promote democratic ideals."

The Administration had already made the first moves in February when it cut aid to those governments which most notoriously disregarded human

rights, principally Brazil, Argentina and Uruguay. These first moves have sparked off a hail of denunciations from the governments affected which have to a man complained of "U.S. interference in internal affairs" or America.

The Russians see Latin America as a potentially big market for their capital goods such as hydroelectric equipment. They have been making great efforts to get their turbines accepted in the multi-billion dollar Paraguayan-Brazilian Itaipu hydro scheme and who are pressing too for economic self interest of the orders from the Argentines. U.S. itself may be affected. Latin Americans have always been closer to the right-wing anti-Communists in Brasilia and Buenos Aires as relations ally run a large balance of trade between Brazil and Argentina have cooled with the U.S. The actions of Mr. Carter in separating himself from the Pinochet government have paradoxically strengthened China's position as one of the Chilean junta's most powerful friends. Since General Pinochet's coup of 1973 and Chile's break with the Soviet Union, China, spotting an enemy of Moscow, has supported the junta with his purchases of Chilean products and large loans.

Neither the Soviet Union nor China would naturally choose to criticise Latin governments for human rights violations.

Torture

The question now is will Mr. Carter press his human rights campaign any further? And how will the Latin dictatorships attempt to riposte if he does? There can be no doubt that if the U.S. President wants to

do anything effective in the human rights field he will have to go much farther in his pressure on the dictatorships of Latin America than he has done so far, especially if he continues to interpret human rights not just as, say, the abolition of physical torture, but the reduction of "political, social and economic injustice" mentioned in his Washington speech.

But to increase the pressure he will have to intensify diplomatic and economic pressures on the offending Latin regimes to a point where the short-term and long-term interests of the U.S. are in conflict. U.S. itself may be affected. Latin Americans have always been closer to the right-wing anti-Communists in Brasilia and Buenos Aires as relations ally run a large balance of trade between Brazil and Argentina have cooled with the U.S. The actions of Mr. Carter in separating himself from the Pinochet government have paradoxically strengthened China's position as one of the Chilean junta's most powerful friends.

The trade surplus is normally augmented by a big surplus on the account for services such as freight and insurance. At the same time the region has been a big borrower from the U.S. This could be exemplified by the fact that Citibank reported that Brazil alone generated 13 per cent of its total earnings last year. Not surprisingly the U.S. business community has mobilised arguments against any expansion of the human rights campaign in Latin America.

Successive Brazilian governments since the late 1960s, for instance, have pursued a conscious policy of integrating the external sector of their economy as much as possible with the Western world and with the aim of allowing Brazil to sink or swim with the economies of the

West. This has been so successful that it must now give pause to anyone in the U.S. who wanted to take any economic investment by U.S. companies and the share of Brazil's \$70bn. foreign debt held by Brazilian banks is so large as to make it risky for any U.S. administration to try to hit the Brazilian economy hard.

But if the U.S. is willy-nilly locked into a continuing relationship with Latin America, a diplomatic or economic sanction against Brazil is locked into a similar relationship with the U.S. The right-wing governments have little alternative to a continuing dependence on Washington.

Carping

The hope that many Latin Americans harbour is that Europe will be able to offer them the sort of relationship free from criticism and carping that they are finding increasingly difficult to maintain with the U.S. In this context it must have been encouraging for them to hear from the Quai d'Orsay shortly after Brazil decided to refuse U.S. military aid that France was willing to sell them any arms they wanted. It was a sign that France would step in, as West Germany had already stepped in in the nuclear sphere, to supply products which were not available from the U.S.

But in Western Europe, as in the U.S., the opponents of the Latin American dictatorships are mobilising and are eventually hoping to prevail on European governments to adopt the same attitudes towards human rights in the region that Mr. Carter has done. Some are hoping that governments such as those in Chile and Argentina will eventually come to be treated much on the same terms as Dr. Vorster is now being treated. The attitudes of the Social Democratic leaders within the Socialist International which is now led by former Chancellor Willi Brandt are already hardening towards the dictatorships of the region.

It is possible that politicians and businessmen in Western Europe are on the verge of a debate about relations with Latin America comparable to the one already started in the U.S.

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HISTORY TODAY

Edited by Peter Quennell and Alan Hodge

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AT THE PORTRAIT PAINTER'S
David Mannings

THE MALAYAN RAJ: the British Straits Settlements until independence
A. J. Stockwell

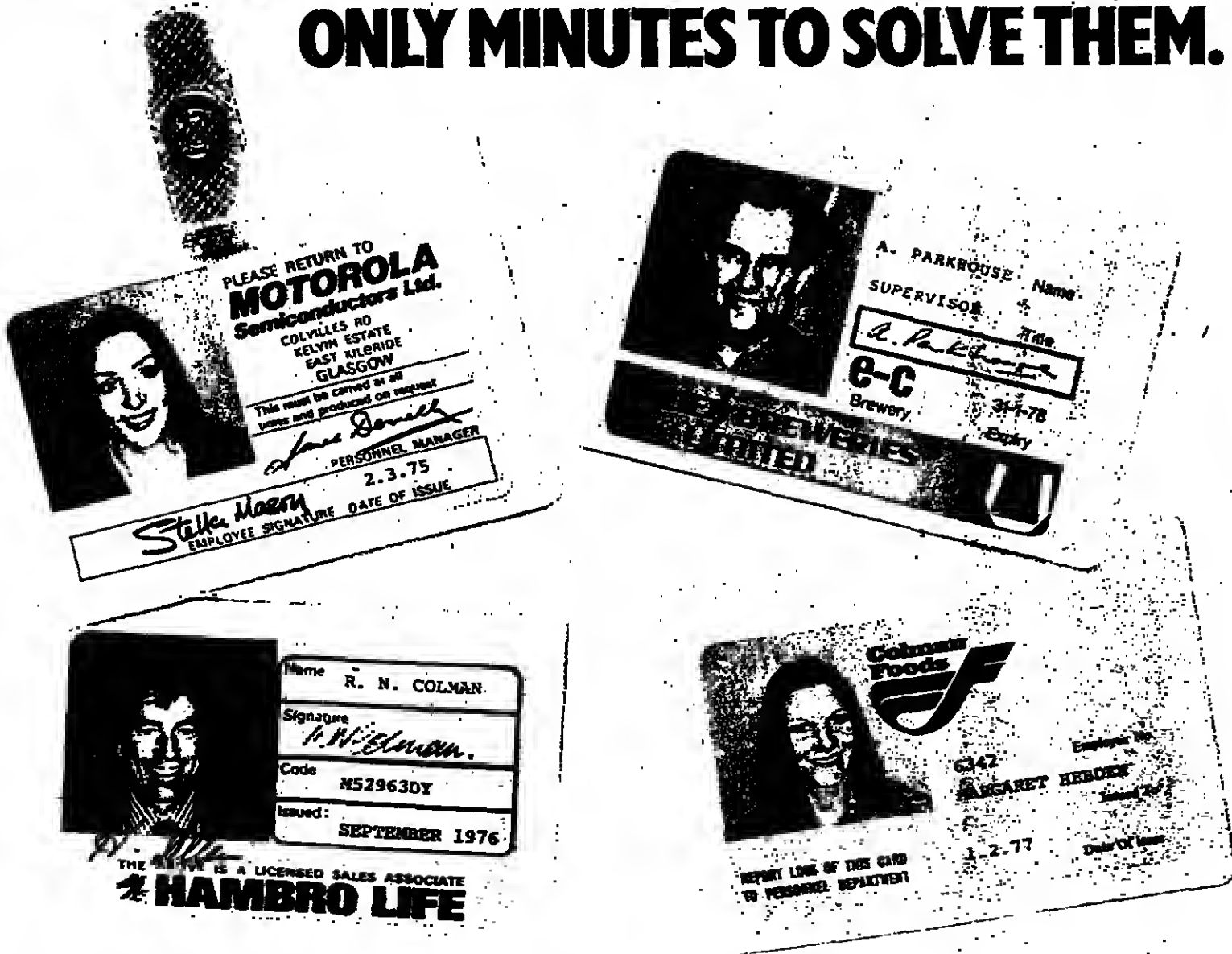
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WORLD AEROSPACE IN 1977

31 MAY and 1 JUNE 1977 - PARIS

A conference organised by the Financial Times, Aerospace Daily, Air et Cosmos and Aviation Daily

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The fee of £235.00 covers all refreshments, cocktails, lunches, a reception on 31 May and conference documentation.

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ARMING AND RAW MATERIALS

opes for EC sugar compromise

Our Own Correspondent
GEORGETOWN, May 5.
GEORGE KING, Guyana's minister, expressed optimism that a compromise would be reached when the sugar negotiations between the EEC and African, Caribbean and Pacific countries resume on May 6.

British bacon to cost more next week

By Our Commodities Staff
BRITISH PRODUCED bacon should be dearer in the shops next week following a 230 rise to 935.5 tons in the first band price. Irish and Ulster prices have been raised 110 to 930 a tonne.

Sharp fall in coffee market

By Our Commodities Staff
CONCERN over possible consumption cutbacks brought a further sharp fall in coffee futures prices yesterday. By the close the July position was 227.5 down at 53,195 a tonne.

RURAL BRITAIN

A different breed of villager

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

STRAW BURNING is a perfectly logical agricultural practice. In many parts of the country straw is unsaleable at any price which would repay the cost of hauling and spreading. The presence of straw in a seed bed will also, according to the Letcombe Laboratory of the Agricultural Research Council, actually kill the emerging seedling the next crop.

Drop in price of vegetables

By Our Commodities Staff
VEGETABLE PRICES have fallen sharply this week, despite the early spring and potatoes at 6p to 12p a pound are now at their cheapest since October 1975.

netlands call for 50-mile fishing limit

Our Commodities Staff
LAND MUST have a 50-U.K. fishing limit to secure its economic future, the Islands Council said yesterday.

Hunt family seeks soyabean injunction

By Our Commodities Staff
ST-STEWART FLEMING
THE HUNT family, which has been accused of trying to corner the soyabean market, has gone to court in Chicago in an attempt to prevent the Commodity Futures Trading Commission (CFTC) from releasing any more information about its investment in soyabean.

New date for commodity fund talks

GENEVA, May 5.
NEGOTIATIONS on a fund to finance stocks of minor commodities, designed to keep prices and supplies in balance, are to resume here next November 7, to December 2, delegates to the executive Board of the United Nations Conference on Trade and Development (UNCTAD) decided.

Manure smell

The project was finally approved by the county planning authorities and then the population of the nearest village went into a state of panic.

India cuts silver exports

By Our Own Correspondent
CALCUTTA, May 5.
THE INDIAN Government has reduced the export quota for silver to 1,000 tonnes for 1977-78, compared with 1,500 tonnes in 1976-77 without giving any reasons.

Commuters

Everyone agrees this is a great pity and I think it is getting worse as fewer and fewer people can earn a living in the country. It means that even

COMMODITY MARKET REPORTS AND PRICES

Table with columns for various commodities like Gold, Silver, Copper, Zinc, Lead, Tin, and their prices in London and other markets.

COFFEE

Table showing coffee prices for various grades and origins, including Arabica and Robusta.

PRICE CHANGES

Table listing price changes for various commodities such as Metals, Grains, and Oils.

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RUBBER

Table showing rubber prices for different grades and origins.

U.S. Markets

Table listing U.S. market prices for Soybeans, Grains, and Coffee.

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GRAINS

Table showing grain prices for various types like Wheat, Barley, and Oats.

FINANCIAL TIMES

Table with financial data including Dow Jones, Reuters, and Moody's indices.

IBLIC NOTICES

IBLIC (International Bank for Latin American Investment Corporation) notices regarding loans and services.

WOOL FUTURES

Table showing wool futures prices for different grades and origins.

EASIER TONE IN METALS

By Our Commodities Staff
An easing in the nearby shortage of lead supplies brought a further fall in prices on the London Metal Exchange yesterday.

MEAT/VEGETABLES

Table showing meat and vegetable prices for various types.

The Property Market

BY QUENTIN GUIRDHAM

Planning for computers in Croydon

The matter of planning classification for computer centres is topical with one of the largest ever purpose built centres in the National Westminster Bank's new Aldgate fringe of the City of London to be opened on today.

The Town and Country Planning Acts have put computers into the office classification, but doubts for the 20th century that most of the benefits that flow out from an ancillary function of a business are clerical. The computer centre within an office block remains the norm. Perhaps these regulations are also influenced by the large number of computer centres in the concentrated inner-city areas of London, Manchester, Birmingham, Bristol, Leeds, Glasgow, Edinburgh, Cardiff, Belfast, and the new centres in the south.

But for computer bureaux or the centralised inner-city offices, banks and the new centres in the south are in a sense in a property terms as an industrial operation.

Leaving the 32,000 square feet Winton Works, Croydon at around £120 a square foot where decent office space in Croydon is some what around £450.

Although it needed a lot spent on a central bank and other specialised fittings, this was a particularly suitable building having been used as a computer centre by Philips India.

But the planning considerations involved both getting an ODP and getting the Greater London Council to agree with the planning committee on the ground that most of the benefits that flow out from an ancillary function of a business are clerical.

The computer centre within an office block remains the norm. Perhaps these regulations are also influenced by the large number of computer centres in the concentrated inner-city areas of London, Manchester, Birmingham, Bristol, Leeds, Glasgow, Edinburgh, Cardiff, Belfast, and the new centres in the south.

Boisi charts foreign interest in U.S.

A YEAR ago Mark Weisberg of Hambro's spoke at the annual Jones Lang Wootton conference and heralded the death of most property development companies. Yesterday James H. Boisi, an executive vice-president of J.P. Morgan and Co., a property man

turned banker, told the gathering about the U.S. real estate market. Weisberg's speech was possibly unimpeachable being confident of continuing institutional interest in property and therefore in existing investment values. Boisi's effort was equally provocative.

For despite his developmental experience being responsible for large chunks of Park Avenue when with Dean DeLuca, and despite the fact that Morgan Guaranty kept itself clear of the REIT disasters, Boisi was almost sceptical about the real value of property investment as a long-term hedge against inflation. That said, he then listed the attractions of the U.S. market at present, a list which put most other potential foreign investment areas in the shade.

In Britain, despite the activities of some pension funds, the extent of foreign capital pouring into the U.S. may be underestimated. There is much other European money there, particularly German and Dutch, and the Axis have invested heavily and have some three billion dollars worth of assets. Even so, it was surprising to hear Boisi estimate that in the investment market, "We can really get personal experience that the competition is keen and that as much of it is foreign capital as is domestic."

Boisi's tips are for multi-tenanted office buildings with five to ten-year lease terms, multi-tenanted warehouses with leases ranging up to 25 years, and the "sub-regional" shopping centres, where the landlord participates in gross receipts, avoiding the large regional malls.

Remember, he said, that all

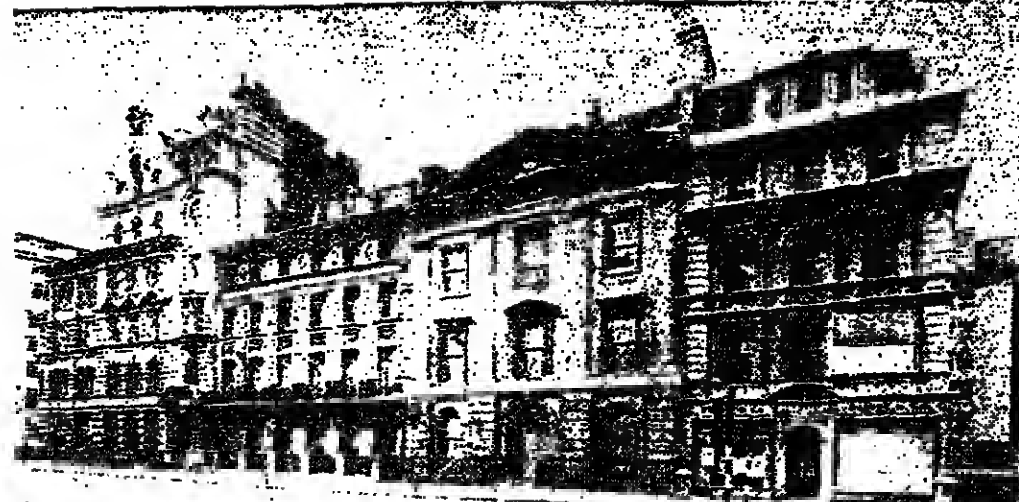
these things come very cheap by European standards, though he queried whether this cheapness was of much significance from the investment standpoint, or whether it meant the U.S. was not for sustained rise in rents. But one comparison he made was still, even with the devalued pound, most telling. The best Park Avenue blocks can still be rented at the equivalent of £8 a sq. ft. including taxes and service charges, where Morgan Guaranty in Stratford, East London, is paying £5 to £6 a sq. ft. before rate and charges.

CUT AND ABOUT

Apologies for having last Friday reported the formal opening of the new Wiggins Teape headquarters in Basingstoke. It did not happen till this Tuesday, when Lord Mountbatten, as a Hampshire resident, welcomed the paper-makers as new arrivals after 200 years in London.

Booker McConnell has sold two office blocks in Maidstone which it acquired when buying Kinloch in January 1977. Both blocks are early 1970s developments with Medvale House (49,700 square feet) let to the Department of the Environment and Kent House (70,600 square feet) offices plus six shops multi-tenanted. Net income is £181,972 and Booker McConnell says the net proceeds of £41m are available in excess of the valuation disclosed in connection with the offer by Booker to acquire Kinloch. Kinloch and the company will be retaining the other Kinloch property in Maidstone, a trading depot.

The last annual report from Raglan Property Trust included the news that the company was "now starting to review the possibility of new projects. This reviewing has scarcely been more than academic, since



Long planning arguments, including appeals against a refusal of listed building consent, meant that the sale of this group of buildings in New Bridge Street, London, E.C.4, known as the Bridewell Site, missed the top of the market although plans for the sale go back to 1970. There was, finally, a planning consent gained by R. Seifert and Partners, totalling 83,000 square feet including the two retained listed buildings in the centre of the picture. The new scheme still does not appeal to any developer, and Haslemere Estates has paid somewhat less

than £3m. to conduct a restoration exercise producing 30,000 square feet in four self-contained units, with a further 30,000 square feet of new accommodation planned at the rear. Haslemere is working in conjunction with Refuge Assurance. The sellers, the governors of Bridewell Royal Hospital (for whom Chestertons acted) were given the site by Edward VI to support their educational work in 1553 and this is the first time the site has changed hands in 424 years. Proceeds go inward costs of rebuilding at the present Bridewell school at Witley, Surrey.

having just managed to produce some figures in March 1976. The balance sheet now shows short-term borrowings of £20.3m, at that stage, current liabilities of £4.2m, and long-term borrowings of just £206.750. There was a revenue deficit of £6.1m and shareholders' funds stood at minus £139,660. Gross income was down from £32m, a figure which included all the French properties, to £30,000 and is include some banks and the inland revenue, to whom the already well below this with further French and other sales (some top slices having been passed on to the funding

institutions). But the remaining team at Raglan hope to keep the company alive, the value of tax losses being potentially important, with the help of their bankers who have agreed in principle to a scheme which appears to limit their claims to existing assets. The unsecured and partially secured creditors who have to go along with this include some banks and the inland revenue, to whom the already well below this with further French and other sales (some top slices having been passed on to the funding

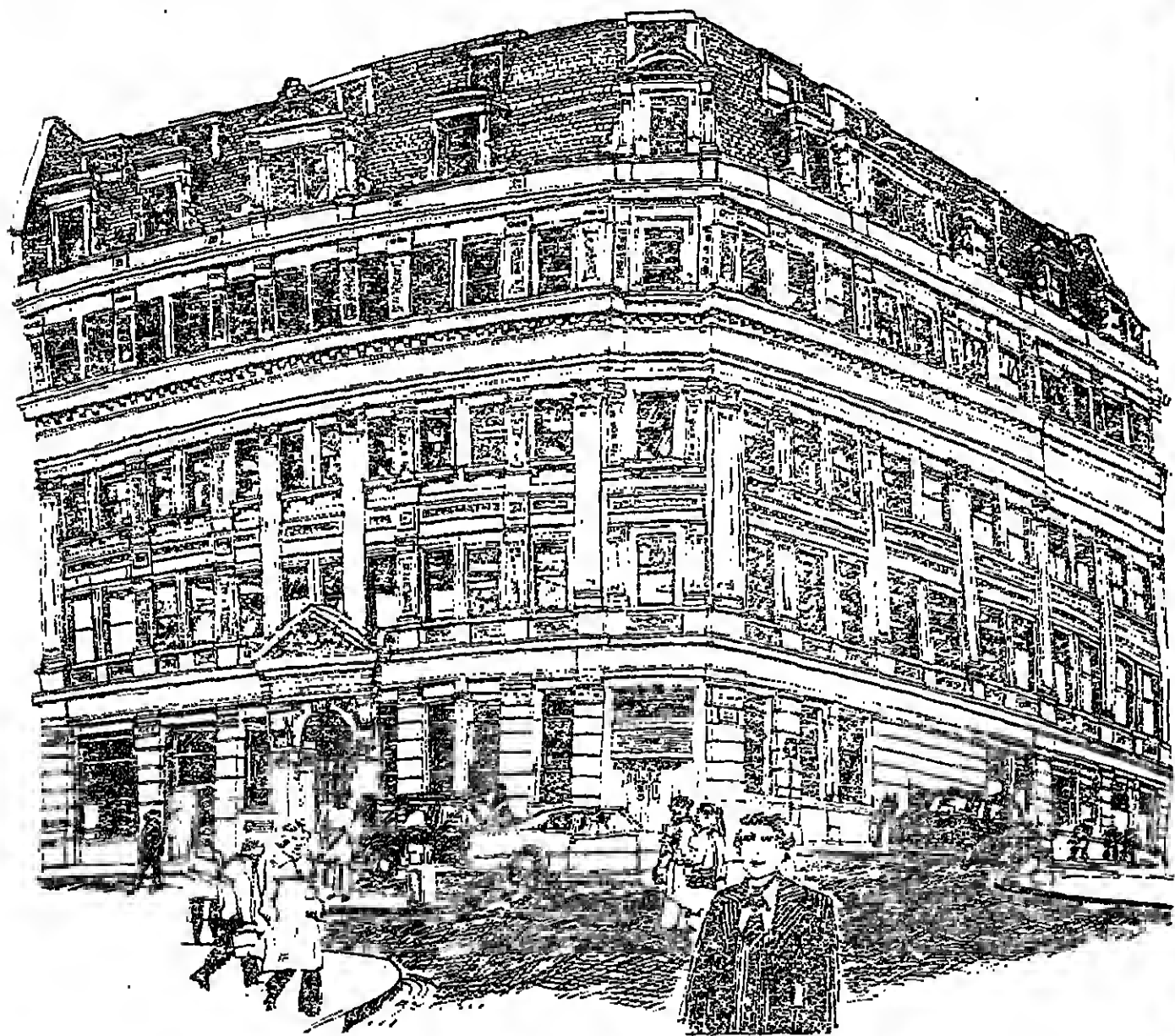
and the National Westminster—have been advancing sufficient so far. Shareholders will know more with the accounts, due soon, and though it will be no comfort, Raglan has actually done better than it might on some disposals and lettings—the Putney deal with the Police being at a high level (though there is still a legal dispute with Hanover Property Unit Trust on the take-out, and the Battersea site of the old Bank Hovis flour mills having fortunately attracted some buyers and lessees. What the banks are

waiting for now—fixed assets at March 1976 being stood at £22.5m—was largely Raglan's bit of the £26m capital cost Bond Street development in Leeds (£2m-£4m?) where the 150,000 square feet of offices are the sticker, a substantial site in Newbury and the planning permission for 75,000 square feet net of offices at Emperor's Gate, London SW7. J. Walter Thompson supported an ODP on this, getting in exchange the chance to decide six months before completion whether it should take the building at 10 per cent below market rent. Raglan, which has 40 per cent of the Emperor's Gate equity, the re-seeing with British Airways, Trust Houses Forte and ENFC, is still in negotiation with JWT about what it might owe the advertiser, but the ODP is still in the air, and the fact that advertisers don't want the birds is a long way longer.

Agreement by the unsecured creditors, a fair wind in a market and continuing luck with disposals, might see a total amount left for Raglan shareholders, but the improbably-owned Sandbanks Ferry, running quietly on between Poole and Swanage and making £70,000 a year, will soon represent a major factor in the income stream.

Beaumont Properties, which has managed to pay an increased dividend for eight years on the trot, is going ahead with Area 2 of its six-acre century area development at Sale, Cheshire. This is the rump of the site, leaving only a piece at the other end of the square where at one point a hotel was thought of. The nine new shop units will add to the covered market hall, recently re-opened after a fire soon after it had started trading, and is in the direction of a new Tesco store nearing completion. The £2m building contract has been placed with Jarrett and Co. Letting agent is Healey and Baker.

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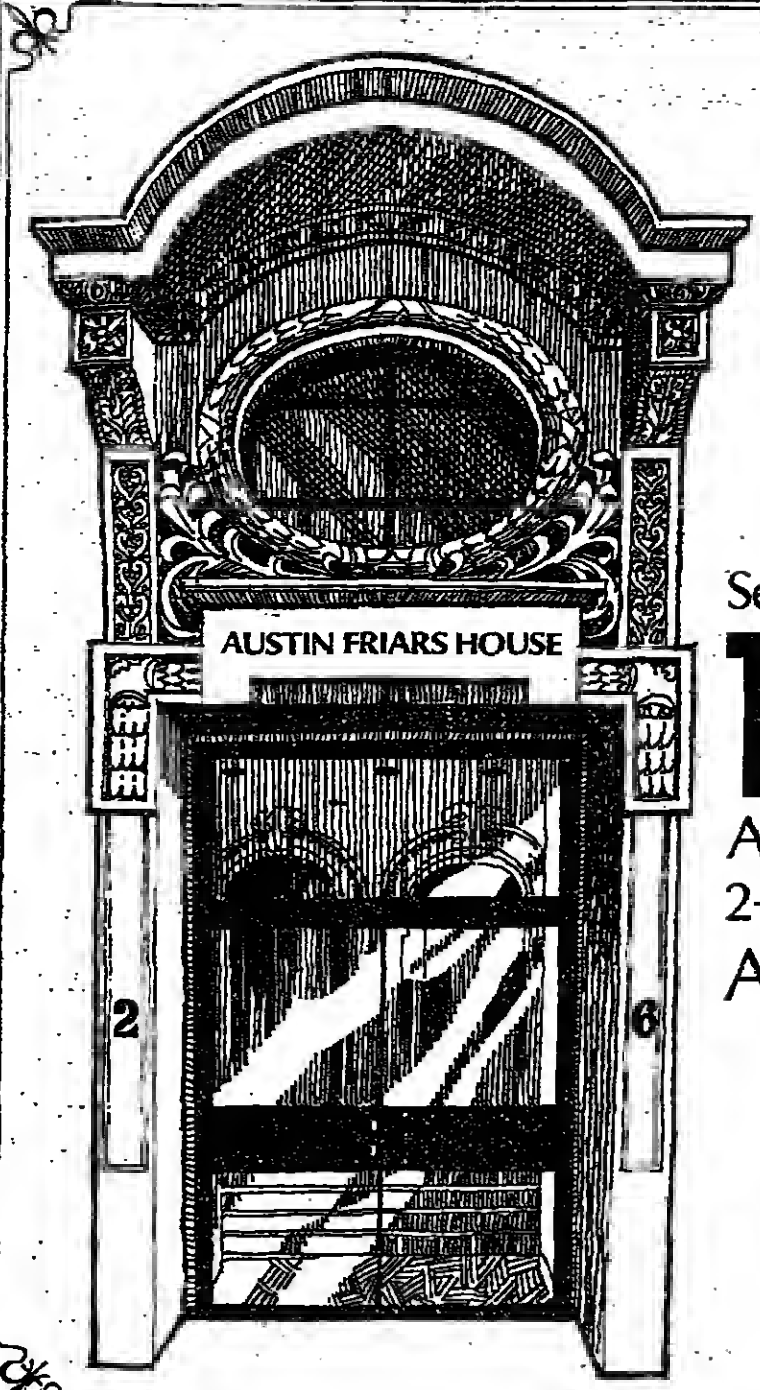
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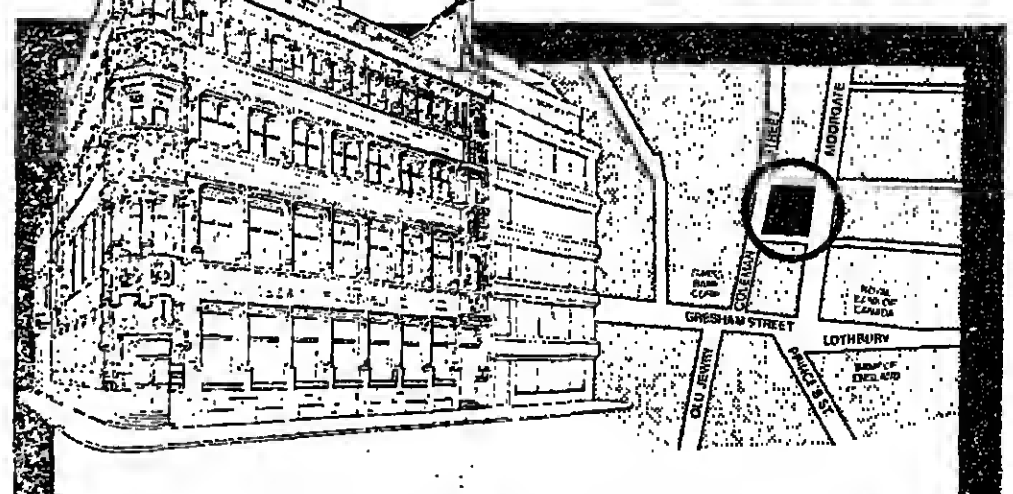
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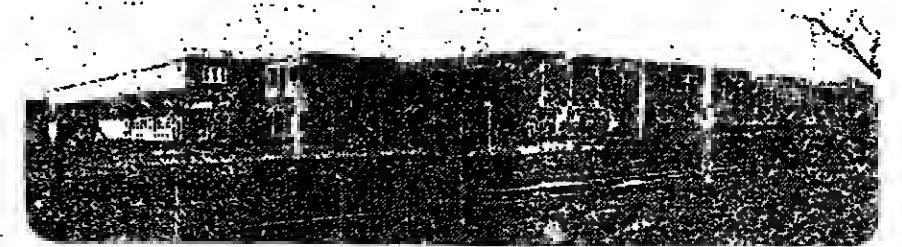
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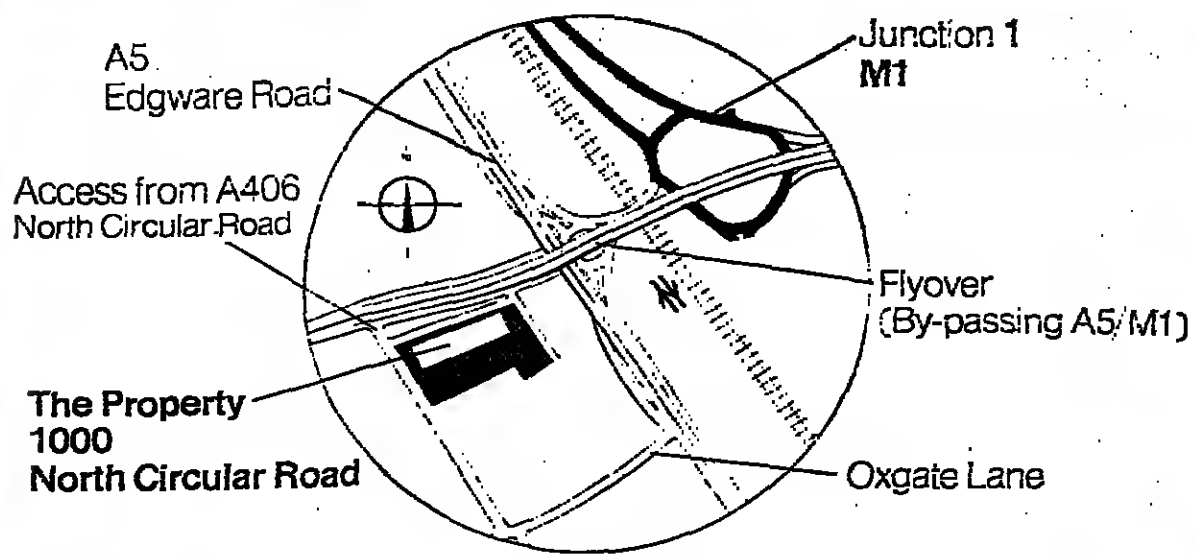
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monklands district council

invites offers for the development of
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Coatbridge, a major industrial centre, lies 10 miles east of Glasgow city centre and, together with neighbouring Airdrie, forms the principal urban area within Monklands District, which, with a population of one hundred and fifteen thousand, makes it one of the largest districts in Strathclyde Region.

Monklands District Council now invites offers for the development of this major town centre site.

A detailed Development Brief, incorporating the form of offer required, is available on request from: - A.I. Cowe, Dip.T.P., M.R.T.P.I., Director of Planning and Development, Monklands District Council, "Redholme", Laird Street, Coatbridge ML5 3LJ. Telephone: Coatbridge (0236) 24941, Ext. 256.

The closing date for receipt of all offers is noon on Mon, 4th July, 1977.

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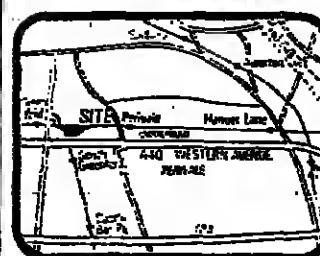
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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts with columns for fund name, manager, and performance data.

Table of Offshore and Overseas Funds with columns for fund name, manager, and performance data.

Table of Base Lending Rates from various banks and financial institutions.

Table of Commodity Price Movements for various goods like oil, sugar, and cotton.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products with their respective details and rates.

NOTES section providing additional information and disclaimers for the insurance and bond listings.

FT SHARE INFORMATION SERVICE

DRIVERS JONAS Chartered Surveyors London Aberdeen Milan

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Change.

Over Fifteen Years

Table of funds with a track record of over fifteen years.

Undated

Table of undated funds.

INTERNATIONAL BANK

Table of international bank shares.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loans.

LOANS (Miscel)

Table of miscellaneous loans.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS AND PRICE PURCHASE

Table of banks and price purchase.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads.

BUILDING INDUSTRY - Continued

Continuation of building industry stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and TV stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

DRAPERY AND STORES - Continued

Continuation of drapery and store stocks.

ELECTRICAL AND RADIO

Table of electrical and radio stocks.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tool stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

ENGINEERING - Continued

Continuation of engineering stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks.

HOTELS AND CATERERS

Table of hotel and caterer stocks.

Main table of industrial stocks with columns for Name, Price, and Change.

Handwritten signature or note at the bottom of the page.



WASHINGTON, GO. DURHAM, PREPARES FOR PRESIDENT CARTER'S VISIT TODAY

Almost like when Sunderland won the Cup

BY IAN BREACH

THE NORTH EAST has a flair for treating the rest of the world as it treats its own...

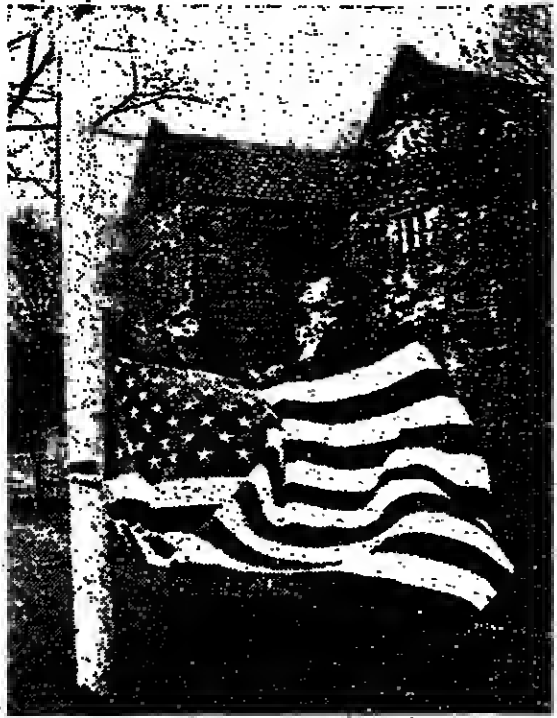
In truth, they probably thought, like the rest of us, they already did. But the cups of tea, glasses of brown ale, and hearty commonsense that has sufficed for monarchs, prime ministers, pop stars and anyone else who cared to visit the area...

So this community of 46,000 people will, for a moment or two, be at the operational heart of the most elaborate communication system in existence...

Sense of occasion

Only in the last few hours before the visit, however, has the sense of occasion begun to grip the town. On the village green, where Mr. Carter will talk to local people, workmen yesterday were laying fresh turf, painting the fences, and repairing the pavements...

Suddenly, the scale of the operation has become apparent, with 350 journalists, a dozen television crews, and 70 White House agents and aides expected to crowd into this tiny enclave close by the Old Hall...



Old Glory is raised at Washington Old Hall.

President Carter will go inside the hall and sign the visitor's book (G. Archer, of Whitley Bay, last to put a name on its pages before the camera crews took over the place, will no doubt dine out on the accidental honour).

Only one man, working on preparations for filming by the village green, voiced reservations. "I suppose," he said, conceding the possibility at last, "that there is a sense of excitement. It's almost like the year Sunderland won the Cup."

the Washington Arms, one of the village's two public houses.

No one, least of all the nervous security men in their rimless glasses and short-sleeved shirts, can be wholly sure what Mr. Carter will do. And if he should see the hot line one will be available the regulation one-minute distance away in the village pottery.

Dave Gibson, who owns the pottery, is perhaps hoping that he will, since he has made a fruit bowl which he hopes to present to Mr. Carter: "He can use it for nuts if he wants, of course."

Best in planning

What Mr. Carter will not see much of — and what will be missed by most of the accompanying visitors, observers, and pressmen — is a community that has combined much of that which is best in both British and American town planning.

Based on a string of derelict mining villages, Washington New Town was designated only as recently as 1964. Since then, it has become something of a touchstone in development planning, striving and largely succeeding in creating a new environment in which to work and live.

Not for nothing are the walls of its Development Corporation's offices plastered with design and architectural awards. Cited in the Skeffington Report as an object lesson in participatory planning, it has also succeeded in attracting a balance of light and medium industrial investment — including several American companies, of which Times and RCA are the most prominent.

With 15 new companies, a population that grows by 5,000 a year, a system of self-managed villages, and an enlightened approach to the provision of environmental checks and balances, it is a pity that it cannot be shown off to Mr. Carter — and thus to the world.

For that is the consequence of a visit anywhere by the president — almost unlimited publicity. And, to be fair new Washingtonians are grateful.

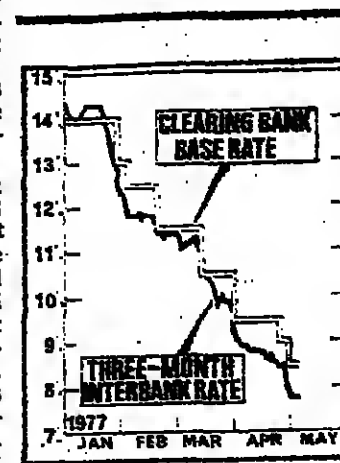
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THE LEX COLUMN

U.S. leads revival in chemicals

This time last year most of the major chemical companies were bubbling over with enthusiasm, but the subsequent hiccup in world demand has left them severely chastened...

Index rose 3.3 to 443.3



in April-September recovery in loan demand remains dormant. Yield above the general average, at 10.5 per cent, the shares are to remain highly sensitive to monetary developments.

Thomson Organisation

The Thomson Organisation expects to have a substantial part of its development costs met at £17m. by 1978. At the end of as much as 25 per cent outlays on the project...

Operating profits for October-March are just 5 per cent higher than for the same half of 1975-76, a gain swollen to a tenth by associated companies (largely reflecting the sale of the Insmaking Associated Securities) making a group total of £31.1m. pre-tax.

The period had the benefit of a sharply increased average base rate, of 13 against 10.5 per cent, and average advances were higher, especially in the Royal Bank of Scotland. But the bad debt provision was significantly higher, with the unusually favourable 1972 experience dropping out of the five-year moving average...

After only a month of the second half-year base rate is down to 8.1 per cent, and has not necessarily bottomed yet. But there are one or two offsetting factors. The gap between the retail deposit rate and base rate, for instance, has recently been widened from 3 1/2 to 4 1/2 per cent (though this margin is vulnerable to building society competition). There is also some unattractive profit in the wholesale money and forward currency books, and Williams and Glyn's is reimposing current account charges from July.

The overall conclusion, however, is that the group will find it hard to avoid a profits decline.

Clearly, however, an early recovery in loan demand remains dormant. Yield above the general average, at 10.5 per cent, the shares are to remain highly sensitive to monetary developments.

Profitability

According to CBI the real rate of return by industrial and construction companies failed to show significant recovery in the dimly low 3.5 per cent, which reached in 1975 (it was 3.5 per cent, or more until 1976). There is also some unattractive profit in the wholesale money and forward currency books, and Williams and Glyn's is reimposing current account charges from July.

U.S. pressure puts British nuclear deal at risk

BY DAVID FISHLOCK, SCIENCE EDITOR

SALZBURG, May 5.

ANOTHER LARGE nuclear export contract, worth nearly £100m. to Britain, for enrichment of uranium, is being jeopardised by U.S. pressure for tighter controls against proliferation of nuclear explosives.

This has come to light on the eve of the London summit meeting, when other nuclear nations, Japan especially, will look to Mr. James Callaghan, as host, to take a firm stand against all U.S. attempts to impose American domestic anti-proliferation policy abroad.

The contract, for a 10-year supply of enrichment for four Brazilian nuclear power stations, is expected to be worth nearly £100m. to Britain, for enrichment of uranium, is being jeopardised by U.S. pressure for tighter controls against proliferation of nuclear explosives.

in withdrawal of a nuclear station's operating licence. Britain and West Germany share the view that Brazil, having signed a stringent safeguards undertaking endorsed by the International Atomic Energy Agency, can be trusted not to divert plutonium produced in its reactors into explosives.

But Britain has also proposed, as a further precaution, that Brazil's plutonium be put under IAEA management and safeguards in an international plutonium store until needed for Brazil's fast-breeder research programme.

It is suggested that this store may be at Windscale, where Britain stores plutonium for several nations.

So far this has been rejected by the U.S. Administration.

Bomb-proof atom process

DETAILS OF a new French technology for enriching uranium and claimed to be "proliferation-proof" — intrinsically secure against use for making nuclear explosives — were released in Salzburg yesterday.

The process, first announced in Paris on Wednesday, is understood to be a chemical exchange system, using a more conventional chemical plant than the nuclear fuel enrichment technique developed by the French Atomic Energy Commission, it

will be described "and demonstrated at the International Atomic Energy Agency's nuclear conference."

But a senior official said it was still at too primitive a stage of development to be considered for commercial use.

The process would enrich satisfactorily to levels of 2 to 4 per cent, needed for nuclear fuel, but would take prohibitively long to reach the 90 per cent, or more, for a nuclear explosive.

Leyland car unions support Ryder plan

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS' trade unions have pledged wholehearted support for the company's appeal to achieve productivity targets on new projects were not enough, the Council says.

In future, detailed timing plans should be produced to show the action needed from local management and unions to agree on the necessary improvements.

The trade unions have given their backing to the aim of seeking a reform of the collective bargaining structure within the next few months. Management and unions have also pledged themselves to the immediate task of reducing strikes and ensuring continuity of production.

The National Enterprise Board is examining the Leyland case, and a recent recommendation to Mr. Eric Varley, the Industry Secretary.

Mr. Varley has made the allocation of the next tranche of State aid to Leyland conditional upon a radical improvement in labour relations.

British Leyland International is planning to save its world distribution arrangement. Forwarding and shipping agents were warned yesterday that it would use the muscle power of a £850m. annual export operation in its negotiations.

Loss throws future of Times into doubt

BY MAX WILKINSON

THE FUTURE OF The Times was thrown into doubt yesterday by the Thomson Organisation's annual report.

It contained a warning that The Times and its sister paper, the Sunday Times, could not be secure unless print unions agreed to introduction of computerised typesetting and substantial voluntary redundancies.

Mr. G. C. Brunton, chief executive said that last year's loss by The Times was £289,000 compared with nearly £1.5m. the previous year. These losses were borne by Thomson family interests. Internal and external industrial disputes cost the paper £600,000 last year, two-thirds of its loss.

It is not possible for Lord Thomson or his family resources permanently to keep alive newspapers which are not making profits. We have the obligation of doing so. There is no doubt that, with the introduction of technology, The Times and the Sunday Times can withstand the heaviest of economic blizzards. Without it, they cannot.

The Sunday Times last year made a profit of £125m. after a loss in 1975. Mr. Brunton added that "subject to the absence of damaging industrial disputes" both papers were expected to improve their fortunes in the current year.

Much of the future of The Times and the Sunday Times will be influenced by the successful introduction of new technology. During the course of this year the company reached an agreement with Systems Development Corporation of Santa Monica, California, for the purchase and installation of a computerised photo-composition system to produce initially The Times's supplementary material.

"We shall introduce a system which is already working in many places in the U.S. and Canada. It is particularly effective in collating and setting. It will change attitudes and encourage worker co-operation. Industrial relations is identified as the most immediate problem."

Saudis may increase crude oil price

FINANCIAL TIMES REPORTER

CROWN PRINCE FAHD of Saudi Arabia has agreed in principle to raise the price of crude oil to \$3 per barrel, an increase of 5 per cent, from the current level, thus narrowing the division within OPEC, the Beirut newspaper Al Anwar reported yesterday.

An unnamed Arab Oil Minister was quoted as saying that the kingdom's position was made clear during the Middle East tour by President Carlos Andres Perez of Venezuela. He is said by Al Anwar to have been informed by the Shah that Iran did not intend to go ahead with another 5 per cent. increment to its oil price in addition to the 10 per cent. imposed from the beginning of this year.

Most undoubtedly, Saudi Arabia would be prepared for an 8 per cent. increase if all other members of OPEC agreed. That would more or less be equivalent to the present average price, although in itself this does not mean that a compromise is near.

Influence

Al Anwar, traditionally a pro-Egyptian newspaper in the days of President Nasser but which recently has become heavily under Syrian influence, has respectable antecedents and on a subject not relating to the Lebanon — or Syria — could be considered objective.

As early as February it was understood that Saudi Arabia was prepared to settle at 7 per cent. It would probably have been so if the kingdom decides U.S. efforts towards bringing about a Middle East peace settlement.

Continued from Page 1

CEGB profit

equipment. If the Board gave them a new order now, the inevitable redundancies would merely be postponed.

Mr. Arthur had some hard things to say about the competitiveness of coal as a primary fuel for power stations.

"I find it absurd that Australian coal, moved 70 miles by train to the coast, loaded and shipped halfway round the world, discharged into colliers at Continental ports and finally delivered to Thames-side power stations, at present costs no more than National Coal Board produce delivered to the same stations from pits in the North-East and the Midlands."

On his problems with dealing with central government, Mr. Arthur said: "Undoubtedly the greatest frustration I have encountered during my chairmanship has been in my dealings with the civil service."

It has expanded alarmingly in recent years and increased its attempts to interfere in the running of the Board's affairs. It has become an all-pervading organisation of power without responsibility — a Cereus development which threatens the foundations of our society."

Civil servants, clever though they were, lacked the technical qualifications to make decisions on many of the highly technical questions assessed by experts in the board and elsewhere.

In particular, it was wrong that civil servants and Ministers should try to take decisions about which type of nuclear power station should be developed.

Nat. & Commercial

While the rest of the banks were enjoying a bounce back in share prices yesterday, the sector index rose by 3.6 per cent.

Weather

UK TO-DAY MOSTLY DRY with sunny intervals. Scattered showers in Cent. and E. England.

London, all England except Lakes, S.W. and N.W. Sunny intervals, scattered showers. Max. 15C (59F).

S.W., N.W. England, Channel Is. Wales, Lakes, Is. of Man, S.W. Scotland, Glasgow, N. Ireland. Mostly dry, sunny intervals.

Max. 14C (57F); cooler on coasts. Bournemouth, Exeter, Dundee, Highlands, Argyll, N.W. Scotland. Mostly dry, sunny intervals.

Max. 13C (55F). Aberdeen, Moray Firth. Rather cloudy, sunny intervals later. Mostly dry. Max. 12C (54F).

N.E. Scotland, Orkney, Shetland. Rather cloudy, occasional rain. Becoming brighter and drier. Max. 10C (50F).

Outlook: Sunny intervals. Showers in N. and E. Some night frost.

Business Centres: Amsterdam, C 19 20 Madrid F 15 16 Athens C 20 21 Manchester C 10 11 Barcelona F 11 12 Mexico C 20 21 Beirut C 23 24 Milan F 16 17 Bern F 20 21 Moscow F 18 19 Berlin F 20 21 New York F 18 19 Brno C 19 20 Rome C 19 20 Budapest F 17 18 Paris C 19 20 Cologne F 17 18 Prague C 19 20 Copenhagen F 17 18 Reykjavik C 10 11 Dublin F 17 18 Rome C 19 20 Frankfurt F 17 18 Stockholm C 19 20 Glasgow C 19 20 Tehran F 18 19 Helsinki F 17 18 Tokyo F 18 19 London F 17 18 Toronto F 18 19 Luxembourg C 17 18 Zurich F 18 19

Holiday Resorts: Almeria F 18 19 Las Palmas C 19 20 Alicante F 18 19 Lanzarote C 19 20 Benidorm F 18 19 Mallorca C 19 20 Barcelona F 17 18 Malaga C 19 20 Casablanca F 17 18 Madrid C 19 20 Cape Town F 18 19 Nassau C 19 20 Dubrovnik F 17 18 Niagra F 18 19 Florence C 19 20 Oporto F 18 19 Genoa F 17 18 Rio de Janeiro F 18 19 Havana F 18 19 Inverness C 19 20 Tunis F 18 19 Lima F 18 19 Valencia F 18 19 Jersey F 17 18 Venice F 18 19

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